

CITY OF MORGAN CITY, LOUISIANA

Financial Report

Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Frank P. Grizzaffi, III, Mayor and
the Honorable Members of the City Council
City of Morgan City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morgan City (hereinafter "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to previously do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component units are not reasonably determinable.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units", the financial statements referred to previously do not present fairly the financial position of the aggregate discretely presented component units of the City, as of December 31, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison schedules and a schedule of funding progress for the City's postemployment benefits other than pensions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements of the City's primary government, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements of the City's primary government in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements of the City's primary government, and other knowledge we obtained during our audit of the basic financial statements of the City's primary government. We do not express an opinion or provide any assurance on the budgetary comparison schedules on pages 59-61 or the schedule of funding progress for the City's postemployment benefits other than pensions on page 62 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements of the City's primary government. Such missing information, although not a part of the basic financial statements of the City's primary government, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements of the City's primary government in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements of the City's primary government is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City's primary government. The combining nonmajor fund and fund type financial statements, supplementary budgetary schedules, and other financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City's primary government. The supplementary budgetary schedules on pages 64–81, combining nonmajor fund and fund type financial statements on pages 82–105, and the other financial information on pages 106–112 have not been subjected to the auditing procedures applied in the audit of the basic financial statements of the City's primary government and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 29, 2015

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 5,901,134	\$ 1,809,668	\$ 7,710,802
Investments	964,609	-	964,609
Receivables, net	640,462	2,929,415	3,569,877
Due from other governmental units	2,151,346	-	2,151,346
Internal balances	(1,776,434)	1,776,434	-
Inventory	59,226	988,855	1,048,081
Prepaid expenses	105,866	300,858	406,724
Total current assets	<u>8,046,209</u>	<u>7,805,230</u>	<u>15,851,439</u>
Noncurrent assets:			
Restricted assets	-	1,459,622	1,459,622
Capital assets			
Not being depreciated	1,910,074	3,214,832	5,124,906
Net of accumulated depreciation	<u>73,360,970</u>	<u>21,141,992</u>	<u>94,502,962</u>
Total noncurrent assets	<u>75,271,044</u>	<u>25,816,446</u>	<u>101,087,490</u>
Total assets	<u>83,317,253</u>	<u>33,621,676</u>	<u>116,938,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	<u>-</u>	<u>98,779</u>	<u>98,779</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	478,949	1,945,774	2,424,723
Unearned revenue	49,609	-	49,609
Bonds payable	<u>475,000</u>	<u>782,000</u>	<u>1,257,000</u>
Total current liabilities	<u>1,003,558</u>	<u>2,727,774</u>	<u>3,731,332</u>
Noncurrent liabilities:			
Accrued liabilities	2,584,282	287,138	2,871,420
Customers' deposits payable	-	958,287	958,287
Bonds payable	<u>3,557,000</u>	<u>9,023,900</u>	<u>12,580,900</u>
Total noncurrent liabilities	<u>6,141,282</u>	<u>10,269,325</u>	<u>16,410,607</u>
Total liabilities	<u>7,144,840</u>	<u>12,997,099</u>	<u>20,141,939</u>
NET POSITION			
Net investment in capital assets	71,239,044	14,550,924	85,789,968
Restricted for:			
Capital projects	1,808,142	-	1,808,142
Debt service	468,959	1,459,622	1,928,581
Other purposes	2,675,718	-	2,675,718
Unrestricted	<u>(19,450)</u>	<u>4,712,810</u>	<u>4,693,360</u>
Total net position	<u>\$ 76,172,413</u>	<u>\$ 20,723,356</u>	<u>\$ 96,895,769</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA

Statement of Activities
Year Ended December 31, 2014

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 3,369,135	\$ 204,380	\$ 23,340	\$ -	\$ (3,141,415)	\$ -	\$ (3,141,415)
Culture and recreation	2,947,920	1,057,951	194,928	51,072	(1,643,969)	-	(1,643,969)
Public safety	6,258,499	78,339	12,000	254,220	(5,913,940)	-	(5,913,940)
Public works	3,127,998	229,656	-	96,855	(2,801,487)	-	(2,801,487)
Interest on long-term debt	86,814	-	-	-	(86,814)	-	(86,814)
Total governmental activities	<u>15,790,366</u>	<u>1,570,326</u>	<u>230,268</u>	<u>402,147</u>	<u>(13,587,625)</u>	<u>-</u>	<u>(13,587,625)</u>
Business-type activities:							
Electric, gas, and water	18,605,061	22,129,734	-	-	-	3,524,673	3,524,673
Sanitation and sewer	3,131,820	2,778,941	-	-	-	(352,879)	(352,879)
Interest on long-term debt	168,376	-	-	-	-	(168,376)	(168,376)
Total business-type activities	<u>21,905,257</u>	<u>24,908,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,003,418</u>	<u>3,003,418</u>
Total	<u>\$ 37,695,623</u>	<u>\$ 26,479,001</u>	<u>\$ 230,268</u>	<u>\$ 402,147</u>	<u>(13,587,625)</u>	<u>3,003,418</u>	<u>(10,584,207)</u>
General revenues:							
Taxes -							
Property taxes					2,214,920	-	2,214,920
Sales and use taxes					6,516,964	-	6,516,964
Licenses and permits					1,149,931	-	1,149,931
Donations					155,948		155,948
Grants and contributions not restricted to specific programs -							
State sources					455,979	-	455,979
Interest and investment earnings					39,135	2,050	41,185
Miscellaneous					423,959	47,161	471,120
Transfers					2,812,000	(2,812,000)	-
Total general revenues and transfers					<u>13,768,836</u>	<u>(2,762,789)</u>	<u>11,006,047</u>
Change in net position					181,211	240,629	421,840
Net position - January 1, 2014					<u>75,991,202</u>	<u>20,482,727</u>	<u>96,473,929</u>
Net position - December 31, 2014					<u>\$ 76,172,413</u>	<u>\$ 20,723,356</u>	<u>\$ 96,895,769</u>

The accompanying notes are an integral part of the basic financial statements.

MAJOR FUNDS' DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Emergency Management Fund

To account for the federal and state monies received and expended for damages sustained as a result of Hurricane Gustav and Hurricane Ike.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet
December 31, 2014

	General	Emergency Management	Other Governmental Funds	Total
ASSETS				
Cash	\$ 608,063	\$ 2	\$ 2,231,377	\$ 2,839,442
Interest-bearing deposits	1,417,303	-	1,628,623	3,045,926
Investments	-	-	960,501	960,501
Receivables:				
Taxes	376,877	-	56,315	433,192
Accounts	171,171	-	23,023	194,194
Due from other funds	485,271	-	590,196	1,075,467
Due from other governmental units	751,707	759,658	639,981	2,151,346
Inventory	59,226	-	-	59,226
Prepaid items	95,145	-	10,721	105,866
Total assets	<u>\$ 3,964,763</u>	<u>\$ 759,660</u>	<u>\$ 6,140,737</u>	<u>\$ 10,865,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	165,901	-	177,840	343,741
Accrued liabilities	81,264	-	8,576	89,840
Due to other funds	1,628,078	520,958	679,065	2,828,101
Unearned revenue	-	30,641	18,968	49,609
Total liabilities	<u>1,875,243</u>	<u>551,599</u>	<u>884,449</u>	<u>3,311,291</u>
Deferred inflows of resources:				
Unavailable grant revenues	-	759,659	103,827	863,486
Total deferred inflows of resources	<u>-</u>	<u>759,659</u>	<u>103,827</u>	<u>863,486</u>
Fund balances:				
Nonspendable	154,371	-	489,176	643,547
Restricted	-	-	4,952,819	4,952,819
Committed	335,118	-	-	335,118
Unassigned (deficit)	1,600,031	(551,598)	(289,534)	758,899
Total fund balances	<u>2,089,520</u>	<u>(551,598)</u>	<u>5,152,461</u>	<u>6,690,383</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,964,763</u>	<u>\$ 759,660</u>	<u>\$ 6,140,737</u>	<u>\$ 10,865,160</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet (continued)
December 31, 2014

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at December 31, 2014	\$ 6,690,383
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,803,085	
Buildings, net of accumulated depreciation	4,320,329	
Improvements, net of accumulated depreciation	7,858,323	
Infrastructure, net of accumulated depreciation	59,492,585	
Equipment, furniture, and fixtures net of accumulated depreciation	1,689,733	
Construction in progress	<u>106,989</u>	75,271,044

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, with the exception of capital assets which are reported above, and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	(7,980)
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Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	863,486
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Long-term liabilities, including bonds payable not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(4,032,000)	
Accrued interest payable	(28,238)	
Net OPEB obligations payable	(2,099,978)	
Compensated absences	<u>(484,304)</u>	<u>(6,644,520)</u>

Total net position of governmental activities at December 31, 2014	<u>\$ 76,172,413</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	General	Emergency Management	Other Governmental Funds	Total
Revenues:				
Taxes	\$5,495,985	\$ -	\$ 3,235,901	\$ 8,731,886
Licenses and permits	1,153,404	-	-	1,153,404
Intergovernmental	296,840	161,350	493,013	951,203
Charges for services	78,567	-	1,219,984	1,298,551
Proceeds from workers compensation	336,382	-	-	336,382
Donations	-	-	123,726	123,726
Fines and forfeits	181,636	-	35,102	216,738
Investment income:				
Interest	1,510	-	10,910	12,420
Net change in fair value of investments	-	-	26,694	26,694
Miscellaneous	<u>176,672</u>	<u>-</u>	<u>62,065</u>	<u>238,737</u>
Total revenues	<u>7,720,996</u>	<u>161,350</u>	<u>5,207,395</u>	<u>13,089,741</u>
Expenditures:				
Current -				
General government				
Administrative	2,142,669	-	236,865	2,379,534
Purchasing	189,129	-	-	189,129
Planning and zoning	336,415	-	-	336,415
Public safety	5,658,391	-	256,987	5,915,378
Public works:				
Streets and drainage	1,197,963	-	281,218	1,479,181
Storm water	3,663	-	-	3,663
Cemetery	171,888	-	-	171,888
Culture and recreation	60,728	-	2,101,941	2,162,669
Supporting services	-	-	9,624	9,624
Capital outlay	163,441	-	211,422	374,863
Debt service -				
Principal retirement	-	-	459,000	459,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>90,006</u>	<u>90,006</u>
Total expenditures	<u>9,924,287</u>	<u>-</u>	<u>3,647,063</u>	<u>13,571,350</u>
Excess (deficiency) of revenues over expenditures	<u>(2,203,291)</u>	<u>161,350</u>	<u>1,560,332</u>	<u>(481,609)</u>
Other financing sources (uses):				
Transfers in	3,827,500	-	1,254,288	5,081,788
Transfers out	<u>(831,418)</u>	<u>-</u>	<u>(1,630,194)</u>	<u>(2,461,612)</u>
Total other financing sources (uses)	<u>2,996,082</u>	<u>-</u>	<u>(375,906)</u>	<u>2,620,176</u>
Net changes in fund balances	792,791	161,350	1,184,426	2,138,567
Fund balances (deficit), beginning	<u>1,296,729</u>	<u>(712,948)</u>	<u>3,968,035</u>	<u>4,551,816</u>
Fund balances (deficit), ending	<u>\$2,089,520</u>	<u>\$ (551,598)</u>	<u>\$ 5,152,461</u>	<u>\$ 6,690,383</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2014

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Total net changes in fund balances at December 31, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,138,567
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 526,115	
Depreciation expense for the year ended December 31, 2014	<u>(2,667,007)</u>	(2,140,892)

Governmental funds report bonded debt repayments, including interest, as
expenditures. However, principal repayments do not appear in the statement
of activities since the payment is applied against the bond payable balance
on the statement of net position.

	Principal payment 459,000	
Change in accrued interest	<u>3,191</u>	462,191

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	22,849
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(52,298)
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Some expenses reported in the statement of activities do not require the
use of current financial resources and are not reported as expenditures
in governmental funds:

Compensated absences	27,532	
OPEB obligation	<u>(276,738)</u>	<u>(249,206)</u>

Total changes in net position at December 31, 2014 per Statement of Activities	\$ <u>181,211</u>
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The accompanying notes are an integral part of the basic financial statements.

PROPRIETARY FUNDS

(ENTERPRISE FUNDS)

Electric, Gas and Water Utility Fund

To account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including but not limited to, administration, operations, and maintenance.

Sanitation and Sewer Utility Fund

To account for the provision of sanitation and sewer services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Net Position
December 31, 2014

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
ASSETS				
Current assets:				
Cash and Interest-bearing deposits	\$ 700,024	\$ 1,109,644	\$ 1,809,668	\$ 15,766
Investments	-	-	-	4,108
Receivables, net	2,676,322	253,093	2,929,415	13,076
Due from other funds	1,715,314	1,085,491	2,800,805	-
Inventory	894,255	94,600	988,855	-
Prepaid expenses	232,438	68,420	300,858	-
Total current assets	<u>6,218,353</u>	<u>2,611,248</u>	<u>8,829,601</u>	<u>32,950</u>
Noncurrent assets:				
Restricted assets -				
Cash and Interest-bearing deposits	521,830	685,293	1,207,123	-
Investments	252,499	-	252,499	-
Capital assets:				
Not being depreciated	3,107,864	106,968	3,214,832	-
Net of accumulated depreciation	<u>14,251,582</u>	<u>6,890,410</u>	<u>21,141,992</u>	<u>11,790</u>
Total noncurrent assets	<u>18,133,775</u>	<u>7,682,671</u>	<u>25,816,446</u>	<u>11,790</u>
Total assets	<u>24,352,128</u>	<u>10,293,919</u>	<u>34,646,047</u>	<u>44,740</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	<u>98,779</u>	<u>-</u>	<u>98,779</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,813,363	101,436	1,914,799	-
Accrued liabilities	24,421	6,554	30,975	17,130
Due to other funds	946,559	77,812	1,024,371	23,800
Payable from restricted assets -				
Revenue bonds	<u>555,000</u>	<u>227,000</u>	<u>782,000</u>	<u>-</u>
Total current liabilities	<u>3,339,343</u>	<u>412,802</u>	<u>3,752,145</u>	<u>40,930</u>
Noncurrent liabilities:				
Accrued liabilities	176,221	110,917	287,138	-
Payable from restricted assets -				
Revenue bonds and notes payable	5,135,000	3,888,900	9,023,900	-
Customers' deposits payable	<u>958,287</u>	<u>-</u>	<u>958,287</u>	<u>-</u>
Total noncurrent liabilities	<u>6,269,508</u>	<u>3,999,817</u>	<u>10,269,325</u>	<u>-</u>
Total liabilities	<u>9,608,851</u>	<u>4,412,619</u>	<u>14,021,470</u>	<u>40,930</u>
NET POSITION				
Net investment in capital assets	11,669,446	2,881,478	14,550,924	11,790
Restricted for-				
Debt service	774,329	685,293	1,459,622	-
Unrestricted (deficit)	<u>2,398,281</u>	<u>2,314,529</u>	<u>4,712,810</u>	<u>(7,980)</u>
Total net position	<u>\$ 14,842,056</u>	<u>\$ 5,881,300</u>	<u>\$20,723,356</u>	<u>\$ 3,810</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2014

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Operating revenues:				
Charges for services -				
Customers	\$ 21,672,349	\$ 2,778,941	\$ 24,451,290	\$ -
Other	457,385	-	457,385	263,876
Total operating revenues	<u>22,129,734</u>	<u>2,778,941</u>	<u>24,908,675</u>	<u>263,876</u>
Operating expenses:				
Personnel services	1,935,883	994,748	2,930,631	210,423
Supplies and materials	580,942	287,328	868,270	8,681
Fuel cost	13,190,650	-	13,190,650	-
Contractual services	1,113,532	862,410	1,975,942	67,326
Repairs and maintenance	638,359	271,408	909,767	127,013
Other charges	124,225	16,580	140,805	16,030
Depreciation	1,021,470	699,346	1,720,816	3,400
Total operating expenses	<u>18,605,061</u>	<u>3,131,820</u>	<u>21,736,881</u>	<u>432,873</u>
Operating income (loss)	<u>3,524,673</u>	<u>(352,879)</u>	<u>3,171,794</u>	<u>(168,997)</u>
Nonoperating revenues (expenses):				
Interest income	334	1,716	2,050	22
Interest and fiscal charges	(111,931)	(56,445)	(168,376)	-
Other	-	47,161	47,161	-
Total nonoperating revenues (expenses)	<u>(111,597)</u>	<u>(7,568)</u>	<u>(119,165)</u>	<u>22</u>
Income (loss) before operating transfers	3,413,076	(360,447)	3,052,629	(168,975)
Transfers in	-	988,000	988,000	191,824
Transfers out	<u>(3,350,000)</u>	<u>(450,000)</u>	<u>(3,800,000)</u>	<u>-</u>
Change in net position	63,076	177,553	240,629	22,849
Net position, beginning	<u>14,778,980</u>	<u>5,703,747</u>	<u>20,482,727</u>	<u>(19,039)</u>
Net position, ending	<u>\$ 14,842,056</u>	<u>\$ 5,881,300</u>	<u>\$ 20,723,356</u>	<u>\$ 3,810</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows
Year Ended December 31, 2014

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 22,679,835	\$ 2,529,532	\$ 25,209,367	\$ 250,800
Payments to suppliers	(16,059,420)	(1,471,433)	(17,530,853)	(238,078)
Payments to employees	(2,003,795)	(1,036,867)	(3,040,662)	(210,423)
Net cash provided (used) by operating activities	<u>4,616,620</u>	<u>21,232</u>	<u>4,637,852</u>	<u>(197,701)</u>
Cash flows from noncapital financing activities:				
Receipts from other funds	674,515	830,023	1,504,538	-
Proceeds from meter deposits	7,851	-	7,851	-
Other receipts	-	47,161	47,161	-
Payments to other funds	(3,076,148)	(450,606)	(3,526,754)	202,564
Net cash provided (used) by noncapital financing activities	<u>(2,393,782)</u>	<u>426,578</u>	<u>(1,967,204)</u>	<u>202,564</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(1,152,321)	(40,581)	(1,192,902)	-
Interest and fiscal charges paid	(111,056)	(56,445)	(167,501)	-
Principal paid on bonds	(545,000)	(160,071)	(705,071)	-
Net cash (used) by capital and related financing activities	<u>(1,808,377)</u>	<u>(257,097)</u>	<u>(2,065,474)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds on investments and interest-bearing deposits	(64)	-	(64)	-
Interest received on investments	<u>334</u>	<u>1,716</u>	<u>2,050</u>	<u>22</u>
Net cash provided by investing activities	<u>270</u>	<u>1,716</u>	<u>1,986</u>	<u>22</u>
Net increase in cash and cash equivalents	414,731	192,429	607,160	4,885
Cash and cash equivalents, beginning of period	<u>707,123</u>	<u>1,602,508</u>	<u>2,309,631</u>	<u>10,881</u>
Cash and cash equivalents, end of period	<u>\$ 1,121,854</u>	<u>\$ 1,794,937</u>	<u>\$ 2,916,791</u>	<u>\$ 15,766</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows (continued)
Year Ended December 31, 2014

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,524,673	\$ (352,879)	\$ 3,171,794	\$ (168,997)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	1,021,470	699,346	1,720,816	3,400
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	550,101	(249,409)	300,692	(13,076)
(Increase) in inventory	(153,132)	(37,715)	(190,847)	-
(Increase) decrease in prepaid expenses	(26,448)	29,337	2,889	-
(Decrease) in accounts payable	(232,132)	(25,329)	(257,461)	-
(Decrease) in accrued liabilities	(67,912)	(42,119)	(110,031)	-
(Decrease) in compensated absences	-	-	-	(19,028)
Net cash provided (used) by operating activities	<u>\$ 4,616,620</u>	<u>\$ 21,232</u>	<u>\$ 4,637,852</u>	<u>\$ (197,701)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	\$ 257,964	\$ 1,077,619	\$ 1,335,583	\$ 10,881
Cash - restricted	549,159	524,889	1,074,048	-
Less: Interest bearing deposits with maturity in excess of ninety days	(100,000)	-	(100,000)	-
Total cash and cash equivalents	<u>707,123</u>	<u>1,602,508</u>	<u>2,309,631</u>	<u>10,881</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	700,024	1,109,644	1,809,668	15,766
Cash - restricted	521,830	685,293	1,207,123	-
Less: Interest bearing deposits with maturity in excess of ninety days	(100,000)	-	(100,000)	-
Total cash and cash equivalents	<u>1,121,854</u>	<u>1,794,937</u>	<u>2,916,791</u>	<u>15,766</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 414,731</u>	<u>\$ 192,429</u>	<u>\$ 607,160</u>	<u>\$ 4,885</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Statement of Fiduciary Net Position
December 31, 2014

	Police Pension and Relief Trust	Private Purpose Trusts	Agency
	<u>Trust</u>	<u>Trusts</u>	<u>Agency</u>
ASSETS			
Cash	\$ 6,943	\$ 204,153	\$ 208,299
Interest-bearing deposits	15,008	62,942	-
Receivables			
Accrued interest	3	-	-
Due from others	-	-	234,199
Prepaid insurance	-	2,363	-
	<u>-</u>	<u>2,363</u>	<u>-</u>
Total assets	<u>21,954</u>	<u>269,458</u>	<u>442,498</u>
LIABILITIES			
Accounts payable	-	39,601	442,498
Total liabilities	<u>-</u>	<u>39,601</u>	<u>442,498</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 21,954</u>	<u>\$ 229,857</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2014

	Police Pension and Relief Trust	Private Purpose Trusts
	<u>Trust</u>	<u>Trusts</u>
Additions:		
Contributions:		
Employer	\$ 43,425	\$ -
Donations	<u>-</u>	<u>48,698</u>
Total contributions	43,425	48,698
Investment earnings:		
Interest	<u>-</u>	<u>2</u>
Total additions	<u>43,425</u>	<u>48,700</u>
Deductions:		
Benefits	43,425	-
Culture and recreation	-	5,848
Payments in accordance with trust agreement	<u>-</u>	<u>146,592</u>
Total deductions	<u>43,425</u>	<u>152,440</u>
Change in net position	-	(103,740)
Net position, beginning	<u>21,954</u>	<u>333,597</u>
Net position, ending	<u>\$ 21,954</u>	<u>\$ 229,857</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The City of Morgan City (City) was incorporated under charter in 1871. Effective June 8, 1987, the City adopted a Home Rule Charter and operates under an elected Mayor-Council, administrative/legislative form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The City owns and operates two enterprise activities: a utilities system which generates and distributes electricity and provides gas and water services and a utilities system which provides sanitation and sewer services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

Based on the application of the above criteria, entities that were determined to be component units of the City, but have not been included in these financial statements, include the City Court of the City of Morgan City and the Ward Six Marshal of the Parish of St. Mary. Each of these entities issues their own separate financial statements. Complete financial statements for each of the individual component units may be obtained from the City's administrative offices.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The City's officials are also responsible for appointing the members of certain boards of other organizations, but the City's accountability for these organizations' does not extend beyond making the appointments. Such related organizations include the Housing Authority of the City of Morgan City.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the City are classified into various categories. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City has presented the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Emergency Management Fund

The Emergency Management Fund accounts for the federal and state monies received and expended for damages sustained as a result of Hurricanes Gustav and Ike.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has presented the following major proprietary funds:

Electric, Gas and Water Utility Fund

The Electric, Gas and Water Utility Fund is used to account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation and Sewer Utility Fund

The Sanitation and Sewer Utility Fund is used to account for the provision of garbage collection and debris removal, and sewerage collection and treatment, including the operation and maintenance of the sewerage treatment facility, sewerage pumping stations and collection lines.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Additionally, the City reports the following fund types:

Governmental Funds –

Permanent funds

Permanent funds are used to account for resources that are legally restricted to the extent that only the earnings, and not principle, may be used as support for the programs.

Proprietary Funds –

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The cost of these services are allocated to the appropriate function/program (general government; culture and recreation; public safety; public works; electric, gas, and water; and sanitation and sewer) in the statement of activities.

Fiduciary Funds –

Trust and agency funds

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include pension trusts, private-purpose trusts, and agency funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Private-purpose trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the city, these funds are not incorporated into the government-wide statements.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows or resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. Interest-bearing deposits are stated at cost, which approximates market.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Under state law, the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principle offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair market value as determined by quoted market prices. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, and repayment and risk characteristics. At December 31, 2014, there were no investments whose fair values were required to be estimated.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are charged off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

Inventory and prepaids

Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed or used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "spendable financial resources" even though they are a component of net current assets.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the asset's estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40 years
Equipment	4-20 years
Utilities systems and improvements	25-30 years
Infrastructure	20-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows of Resources

The City reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of enterprise fund bonds. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences payable, bonds payable, other post employment benefits payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated absences

Vacation is provided to all full-time employees and is earned based on length of service. Employees with one to five complete years of service earn two calendar weeks (ten working days). Employees with six to ten complete years of service earn two calendar weeks plus two additional working days (twelve working days). Employees with over ten complete years earn three calendar weeks plus one additional day for each year over ten years of employment not to exceed thirty calendar days. Vacation is recorded as an expenditure of the period in which it is paid. Vacation must be taken in the year earned and cannot be carried over. Sick leave is earned by employees based upon length of service. For example, employees with one to ten years of service earn fourteen days sick leave per year. Employees with over ten years earn fourteen days plus one additional day for each year of employment over ten years up to twenty-two days. Sick leave is cumulative from year to year. Unused sick leave, at the termination of employment by either retirement or separation "in good standing", shall be paid according to a specific schedule as set forth in the City's employee leave policy. The schedule sets forth that employees with zero to nine years of employment shall receive payment for none of their accumulated unused sick leave upon separation. Employees with ten to nineteen years of service shall receive payment for 33 percent of their accumulated unused sick leave up to a maximum of 60 days. Employees with twenty to twenty-four years of service shall receive 66 percent of their accumulated unused sick leave up to a maximum of 90 days. Employees with at least 25 years of service shall receive 100 percent of their accumulated unused sick leave up to a maximum of 120 days. Upon the death of an employee eligible for retirement, the designated beneficiary of the employee shall receive one-half of the accrued sick leave due to the employee.

Deferred Inflows of Resources

The City's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in fund balance that applies to a future period. The City will not recognize the related revenues until a future event occurs. The City has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. The City did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Equity classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City’s governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Council members.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent may be established by the City Council or an official designated for that purpose by the City Council.
- e. Unassigned – all other spendable amounts.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members have provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also included all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the governmental funds' financial statements, expenditures are classified by character. In the proprietary funds', as operating or nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resource between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual government funds have been eliminated.

F. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2014, the City has cash and interest-bearing deposits (book balances) totaling \$9,415,270 as follows:

Cash and interest-bearing deposits	\$ 9,089,251
Certificates of deposit	<u>326,019</u>
Total	<u>\$ 9,415,270</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2014 totaling \$9,532,916 are secured as follows:

Federal deposit insurance	\$ 1,826,221
Uninsured and collateralized with securities	<u>7,706,695</u>
Total federal deposit insurance and pledged securities	<u>\$ 9,532,916</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At December 31, 2014, deposits in the amount of \$7,706,695 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the City's name.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(3) Investments

State law allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks; certain account of federally of state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporation.

As of December 31, 2014, the City had the following investments and maturities (in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
LAMP	\$ 489,054	\$ 489,054
Mutual funds	<u>728,054</u>	<u>728,054</u>
Total	<u>\$1,217,108</u>	<u>\$ 1,217,108</u>

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's investment policy conforms to state law, as described above, which has no provision for custodial risk.

Concentration of credit risk relates to the amount of investments in any one entity. At December 31, 2014, the City had no investments in any entity which exceeded 5% of total investments.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The types of investments allowed by state law ensure that the City is not exposed to credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of December 31, 2014.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

In accordance with GASB Statement No. 31, the City recognizes the net increase (decrease) in the fair value of its investments. For the year ended December 31, 2014, the fair value of the City's investments increased \$33,602. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(4) Restricted Assets

Certain proceeds of the City's utility revenue bonds, as well as resources set aside for their repayment, are classified as restricted on the balance sheet because their use is limited by applicable bond covenants. Restricted assets consisted of the following at December 31, 2014:

	Business-Type Activities		
	Cash and Interest-Bearing Deposits	Investments	Total
Proprietary fund-			
Electric, Gas and Water			
Revenue bond sinking	\$ 312,107	\$ -	\$ 312,107
Revenue bond reserve	108,022	-	108,022
Capital additions and contingencies	101,701	252,499	354,200
Sanitation and Sewer			
Revenue bond sinking	175,286	-	175,286
Revenue bond reserve	272,020	-	272,020
Revenue bond construction	237,987	-	237,987
	<u>\$ 1,207,123</u>	<u>\$ 252,499</u>	<u>\$1,459,622</u>

The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "capital additions and contingencies" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "revenue bond construction" account is used to report those proceeds of the revenue refunding bonds that are restricted for use in construction.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(5) Receivables and Due from other Governmental Units

At December 31, 2014, the City has receivables and amounts due from other governmental units totaling \$5,721,223 as follows:

Receivable Class	Governmental Activities	Business-Type Activities Electric, Gas and Water	Total
Taxes:			
Ad valorem	\$ 433,192	\$ -	\$ 433,192
Sales and use	1,376,575	-	1,376,575
Intergovernmental:			
Federal	839,642	-	839,642
State	18,452	-	18,452
City Court	11,347	-	11,347
Other governments	8,158	-	8,158
Accounts	89,435	2,676,322	2,765,757
Other	15,007	253,093	268,100
	<u>\$ 2,791,808</u>	<u>\$2,929,415</u>	<u>\$5,721,223</u>

Ad Valorem Taxes and Tax Calendar

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed value determined by the tax assessor of St. Mary Parish.

For the year ended December 31, 2014, taxes of 18.03 mills were levied on property with assessed valuations totaling \$119,020,875 and were dedicated as follows:

Purpose	Mill
General government	14.78
Auditorium maintenance	2.00
Auditorium bond	1.25

The Auditorium Maintenance Tax is dedicated to paying the maintenance and other such expenses of the Morgan City Municipal Auditorium. The Auditorium Bond Tax is dedicated to paying the interest and principal due on the bonds issued by the City for the Auditorium.

Total taxes levied in 2014 were \$2,145,946.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2014 are as follows:

Receivable Fund	Payable Fund						Total
	Governmental Activities				Business-Type Activities		
	General	Emergency Management	Nonmajor Governmental	Internal Service	Electric, Gas and Water	Sanitation and Sewer	
Governmental Activities:							
General	\$ -	\$ -	\$ 393,659	\$ 13,800	\$ -	\$ 77,812	\$ 485,271
Nonmajor governmental	550,859	-	29,337	10,000	-	-	590,196
Business-type Activities:							
Electric, Gas and Water	1,077,219	520,958	117,137	-	-	-	1,715,314
Sanitation and Sewer	-	-	138,932	-	946,559	-	1,085,491
Total	\$ 1,628,078	\$ 520,958	\$ 679,065	\$ 23,800	\$ 946,559	\$ 77,812	\$ 3,876,272

These balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur; (b) transactions are recorded in the accounting system; and (c) payments between funds are made.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(7) Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,803,085	\$ -	\$ -	\$ 1,803,085
Construction in progress	112,484	7,087	(12,582)	106,989
Total capital assets not being depreciated	<u>1,915,569</u>	<u>7,087</u>	<u>(12,582)</u>	<u>1,910,074</u>
Capital assets, being depreciated				
Buildings	9,963,416	-	-	9,963,416
Improvements other than buildings	14,531,791	353,025	-	14,884,816
Infrastructure	99,683,984	-	-	99,683,984
Equipment	5,633,019	178,585	(38,665)	5,772,939
Total capital assets being depreciated	<u>129,812,210</u>	<u>531,610</u>	<u>(38,665)</u>	<u>130,305,155</u>
Less: accumulated depreciation for:				
Buildings	(5,424,255)	(218,832)	-	(5,643,087)
Improvements other than buildings	(6,415,342)	(611,151)	-	(7,026,493)
Infrastructure	(38,666,034)	(1,525,365)	-	(40,191,399)
Equipment	(3,806,813)	(311,659)	35,266	(4,083,206)
Total accumulated depreciation	<u>(54,312,444)</u>	<u>(2,667,007)</u>	<u>35,266</u>	<u>(56,944,185)</u>
Total capital assets, being depreciated, net	<u>75,499,766</u>	<u>(2,135,397)</u>	<u>(3,399)</u>	<u>73,360,970</u>
Governmental Activities Capital Assets, net	<u>\$77,415,335</u>	<u>\$ (2,128,310)</u>	<u>\$ (15,981)</u>	<u>\$75,271,044</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The capital asset activity for the business-type activities for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 11,290	\$ -	\$ -	\$ 11,290
Construction in progress	2,548,014	1,012,494	(356,966)	3,203,542
Total capital assets not being depreciated	2,559,304	1,012,494	(356,966)	3,214,832
Capital assets, being depreciated				
Buildings	131,194	-	-	131,194
Infrastructure and related equipment				
Electric power generation and transmission	31,747,741	35,826	-	31,783,567
Gas distribution	8,730,077	-	-	8,730,077
Water treatment and distribution	16,280,187	166,827	-	16,447,014
Wastewater collection and treatment	17,560,393	40,579	-	17,600,972
Sanitation	2,592,855	-	(137,954)	2,454,901
Other equipment and furniture	2,360,724	294,142	-	2,654,866
Total capital assets being depreciated	79,403,171	537,374	(137,954)	79,802,591
Less accumulated depreciation for:				
Buildings	(82,645)	(3,089)	-	(85,734)
Infrastructure and related equipment				
Electric power generation and transmission	(25,196,563)	(379,407)	-	(25,575,970)
Gas distribution	(7,845,424)	(184,386)	-	(8,029,810)
Water treatment and distribution	(9,429,413)	(393,130)	-	(9,822,543)
Wastewater collection and treatment	(10,584,240)	(581,557)	-	(11,165,797)
Sanitation	(2,019,831)	(117,789)	137,954	(1,999,666)
Other equipment and furniture	(1,919,621)	(61,458)	-	(1,981,079)
Total accumulated depreciation	(57,077,737)	(1,720,816)	137,954	(58,660,599)
Total capital assets, being depreciated, net	22,325,434	(1,183,442)	-	21,141,992
Business-Type Activities, Capital Assets, net	\$ 24,884,738	\$ (170,948)	\$ (356,966)	\$ 24,356,824

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 124,324
Culture and recreation	779,350
Public Safety	282,751
Public Works	<u>1,480,582</u>
Total depreciation expense - governmental activities	<u>\$2,667,007</u>
Business-Type Activities:	
Electric, gas and water	\$1,021,470
Sanitation and sewer	<u>699,346</u>
Total depreciation expense - business-type activities	<u>\$1,720,816</u>

(8) Long-Term Debt

During year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 511,836	\$ -	\$ (27,532)	\$ 484,304	\$ -
Property tax refunding bonds, series 2013	3,660,000	-	(350,000)	3,310,000	365,000
Sales tax bonds, series 2012	831,000	-	(109,000)	722,000	110,000
	<u>\$ 5,002,836</u>	<u>\$ -</u>	<u>\$ (486,532)</u>	<u>\$ 4,516,304</u>	<u>\$ 475,000</u>
Business-Type Activities:					
Compensated absences	\$ 287,138	\$ -	\$ (110,917)	\$ 176,221	\$ -
Utility revenue bonds	5,865,000	-	(5,865,000)	-	-
Water revenue refunding bonds	1,560,000	-	(70,000)	1,490,000	70,000
Sewer revenue bonds	4,275,972	64,928	(225,000)	4,115,900	277,000
Utility revenue refunding bonds	4,675,000	-	(475,000)	4,200,000	485,000
	<u>\$ 16,663,110</u>	<u>\$ 64,928</u>	<u>\$ (6,745,917)</u>	<u>\$ 9,982,121</u>	<u>\$ 832,000</u>

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issues bonds where the income derived from the acquired or constructed assets are pledged to pay debt service. Bonds outstanding at December 31, 2014 are summarized as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Governmental Activities -

\$945,000 Property Tax Refunding Bonds, Series 2013 due in annual installments of \$109,000 to \$129,000 through March 1, 2020; interest at 1.89 percent; secured by a pledge of the City's ad valorem taxes. \$ 722,000

\$4,000,000 Sales Tax Bonds, Series 2012 due in annual installments of \$340,000 to \$465,000 through March 1, 2022; interest at 2.14 percent; secured by an irrevocable pledge and dedication of proceeds of a special three-tenths (3/10%) sales and use tax. 3,310,000

Total \$4,032,000

Business-Type Activities -

Utility Revenue Refunding Bonds:

\$4,980,000 Utility Revenue Refunding Bonds, Series 2013, due in annual installments of \$305,000 to \$570,000 through December 1, 2022; interest at 1.81 percent. \$ 4,200,000

Water Revenue Bonds:

\$1,750,000 Water Revenue Refunding Bonds, Series 2009B, due in annual installments of \$60,000 to \$120,000 through December 1, 2030; interest at 3.45 percent. \$ 1,490,000

Sewer Revenue Bonds:

\$1,234,000 Sewer Revenue Bonds, Series 2009A, due in annual installments of \$45,000 to \$85,000 through December 1, 2030; interest at 2.95 percent \$ 1,037,200

\$3,766,000 Sewer Revenue Bonds, Series 2010, due in annual installments of \$172,000 to \$206,000 through December 1, 2031; interest at .45 percent 3,078,700

Total sewer revenue bonds: \$ 4,115,900

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2014, are as follows:

Year Ending December 31,	Sales Tax Bonds		Property Tax Refunding Bonds		Total	
	Series 2012		Series 2013			
	Principal	Interest	Principal	Interest	Principal	Interest
2015	365,000	66,928	110,000	12,606	475,000	79,534
2016	380,000	58,956	117,000	10,461	497,000	69,417
2017	390,000	50,717	118,000	8,241	508,000	58,958
2018	405,000	42,212	124,000	5,954	529,000	48,166
2019	420,000	33,384	124,000	3,610	544,000	36,994
2020-2024	1,350,000	43,979	129,000	1,219	1,479,000	45,198
	<u>\$3,310,000</u>	<u>\$ 296,176</u>	<u>\$ 722,000</u>	<u>\$ 42,091</u>	<u>\$4,032,000</u>	<u>\$ 338,267</u>

Year Ending December 31,	Sewer Revenue Bonds				Total	
	Series 2009A		Series 2010			
	Principal	Interest	Principal	Interest	Principal	Interest
2015	50,000	30,598	177,000	13,822	227,000	44,420
2016	51,000	29,122	179,000	13,026	230,000	42,148
2017	55,000	27,618	180,000	12,200	235,000	39,818
2018	55,000	25,996	182,000	11,410	237,000	37,406
2019	56,000	24,372	184,000	10,592	240,000	34,964
2020-2024	320,000	95,460	944,000	40,402	1,264,000	135,862
2025-2029	376,000	45,074	990,000	18,758	1,366,000	63,832
2030-2034	74,200	2,188	242,700	1,202	316,900	3,390
	<u>\$1,037,200</u>	<u>\$ 280,428</u>	<u>\$ 3,078,700</u>	<u>\$ 121,412</u>	<u>\$4,115,900</u>	<u>\$ 401,840</u>

Year Ending December 31,	Utility Revenue Refunding Bonds		Water Revenue Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2015	485,000	76,020	70,000	43,955	555,000	119,975
2016	495,000	67,242	75,000	41,890	570,000	109,132
2017	505,000	58,282	75,000	39,678	580,000	97,960
2018	510,000	49,142	80,000	37,465	590,000	86,607
2019	530,000	39,910	80,000	35,105	610,000	75,015
2020-2024	1,675,000	61,088	455,000	137,618	2,130,000	198,706
2025-2029	-	-	535,000	66,079	535,000	66,079
2030-2034	-	-	120,000	3,540	120,000	3,540
	<u>\$4,200,000</u>	<u>\$ 351,684</u>	<u>\$ 1,490,000</u>	<u>\$ 405,330</u>	<u>\$5,690,000</u>	<u>\$ 757,014</u>

The various bond indentures contain significant limitations and restrictions as to annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage (see Note 9). The City is in compliance with all such significant limitations and restrictions at December 31, 2014.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(9) Flow of Funds; Restrictions on Use – Utilities Revenues

Under the terms of the bond indentures on outstanding Utilities System bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the “Revenue Bond Sinking Fund” an amount constituting 1/12 of the next maturing principal payment and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a “Revenue Bond Reserve Fund” an amount equal to the highest combined principal and interest requirements on the bonds for any succeeding fiscal year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a “Depreciation and Contingencies Fund” in an amount equal to 5 percent of the gross revenues of the Utilities system for the preceding month, excluding fuel adjustment. Funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$250,000 must be maintained for the making of emergency repairs or replacements.

All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(10) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

The City collects sales taxes under sales tax levies as follows:

- A. Proceeds of a 1% sales and use tax levied by the City in 1966 (2014 collections \$2,093,090; 2013 collections \$2,188,402; 2012 collections \$1,909,591) are accounted for in the General Fund and are dedicated to the following purposes:

Construction, acquisition, maintenance, and repair of streets; capital improvements; public works and buildings including fixtures and equipment; payment of all obligations which have been or may be issued; paying or supplementing salaries of all municipal employees; operation of recreational facilities; and acquisition, maintenance, and operating expenses of equipment.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

- B. Proceeds of a 3/4% sales and use tax levied by the City in 1973 (2014 collections \$1,877,683; 2013 collections \$1,958,509; 2012 collections \$1,712,097) are accounted for in the Pollution Abatement Fund – a special revenue fund – and are authorized for the following usage:

Construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement in St. Mary Parish; and to pay debt service requirements on bonds issued for sewerage or solid waste collection purposes.

- C. Proceeds of a 3/10% sales and use tax levied by the City in 1981 (2014 collections \$959,106; 2013 collections \$948,383; 2012 collections \$864,650) are accounted for in the General Fund and are dedicated as follows:

For any lawful purpose of the City as established by the then current budgets of the City adopted in compliance with law.

- D. Proceeds of a 1/2% sales and use tax levied by the City in 2000 (2014 collections \$625,740; 2013 collections \$652,675; 2012 collections \$570,558) are accounted for in the General Fund and are dedicated to the following purposes:

For any lawful law enforcement purpose including operating and maintaining the police department, upgrading equipment, salaries and other law enforcement department expenditures.

- E. Proceeds of a 3/10% sales and use tax levied by the City 2011 (2014 collections \$961,345; 2013 collections \$919,480; 2012 collections \$843,012) are accounted for in the Road and Royalty Fund and are dedicated to the following purposes:

For the purpose of paying the cost of constructing, improving, resurfacing, maintaining and providing street drainage for public streets, alleys, sidewalks and public wharves, and acquiring equipment therefore, and for making all necessary payments in connection with bonds or other obligations issued for the above stated purpose.

(11) Retirement Commitments

Eligible employees of the City participate in one of the following retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System, Firefighters' Retirement System, Parochial Employees' Retirement System, Louisiana State Employees' Retirement System, Federal Social Security System or Morgan City Police Pension and Relief Fund. Each of these retirement systems is controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

A. Municipal Employees' Retirement System

Plan members are required to contribute 9.50 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 17.00 percent of the total annual covered salary through June 2014 and increased to 18.75 percent beginning July 2014. The City's contributions to the system for the years ended December 31, 2014, 2013, and 2012 were \$841,295, \$754,909, and \$697,997, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

B. Municipal Police Employees' Retirement System

Plan members are required to contribute 10 percent of their annual covered salary to the system. The City is required to contribute the statutory rate of 31.50 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2014, 2013, and 2012 were \$473,554, \$469,551, and \$412,565, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-2250.

C. Firefighters' Retirement System

Plan members are required to contribute 10 percent of their annual covered salary to the system. The City is required to contribute the statutory rate of 28.25 percent of the total annual covered salary through June, 2014 which increased to 29.25 percent beginning July, 2014. The City's contributions to the system for the years ended December 31, 2014, 2013, and 2012 were \$415,669, \$336,678, and \$308,745, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Baton Rouge, Louisiana 70804.

D. Parochial Employees' Retirement System

Plan members are required to contribute 9.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 16.0 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2014, 2013, and 2012 were \$40,040, \$41,046, and \$35,893, respectively, equal to the required contribution for each year.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

E. Louisiana State Employees' Retirement System

Plan members are required to contribute 11.50 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 36.3 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2014, 2013, and 2012 were \$14,549, \$12,820, and \$11,988, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804.

F. Morgan City Police Pension and Relief Fund

In 1977, Morgan City policemen joined the State of Louisiana Municipal Police Employees' Retirement System. However, the City is still responsible for paying retirement benefits from City funds to eligible retired members, in accordance with the policies, terms, and rates of the Morgan City Police Pension and Relief Fund, a single – employer pension employees retirement system (PERS) which was in effect prior to joining the State System, until the retired member reaches the age of 50. Upon attaining age 50, retirement benefits will be paid exclusively by the state system. The City is obligated to pay pension benefits when they become payable to the retired employees. An actuarial study has not been performed to determine the City's unfunded pension benefit obligation. Generally accepted accounting principles require that the provision for pension expense be computed using an acceptable actuarial cost method.

The City's contributions to the Morgan City Police Pension and Relief Fund for the years ended December 31, 2014, 2013, and 2012 were \$43,425, \$21,712, and \$43,425, respectively.

(12) Related Parties

The City pays the salaries and benefits for the employees of the City Court of Morgan City and Ward Six Marshal of the Parish of St. Mary. For 2014, the City paid salaries and benefits to and for the Court Clerk, City Judge, Deputy Clerks, Probation Officers, Marshal, and Deputy Marshal as follows:

City Court of Morgan City	\$ 301,729
Ward Six Marshal of the Parish of St. Mary	<u>135,665</u>
Total	<u>\$ 437,394</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(13) Long-Term Lease Commitments

The City leases land under operating lease agreements as follows:

- A. A lease commencing December 11, 1974, for land to be used for a sewerage treatment facility. The annual rental for the first ten years was \$29,664 per year, payable yearly in advance. The rental for the four ten-year renewal periods is fixed at ten percent of the appraised value of the leased premises. It is the City's intention to pay this rental from the Sanitation and Sewer Utility Fund. The City has exercised its option to renew the lease for an additional 10 year period ending December 11, 2024 at a rental of \$40,700 per year.
- B. A lease commencing December 1, 1983, for land to be used for the construction, maintenance and operation of a sewerage collection station with an annual rental of \$1,200. The rental is for a period of 40 years.
- C. A lease commencing January 1, 1979, for land to be used for recreational purposes with an annual rental of \$8,000. The primary term of this lease was for fourteen (14) years expiring December 31, 1992. The City has exercised its option to renew the lease for an additional 5 year period ending December 31, 2017. Current annual rental on the lease is \$9,780.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	51,680
2016	51,680
2017	51,680
2018	41,900
2019-2023	<u>209,500</u>
	<u>\$406,440</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(14) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	<u>General</u>	<u>Emergency Management</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable -				
Permanent fund	\$ -	\$ -	\$ 478,455	\$ 478,455
Inventory	59,226	-	-	59,226
Prepaid items	<u>95,145</u>	<u>-</u>	<u>10,721</u>	<u>105,866</u>
Total fund balances - nonspendable	<u>154,371</u>	<u>-</u>	<u>489,176</u>	<u>643,547</u>
Restricted for -				
Debt service	-	-	468,959	468,959
Capital improvements	-	-	726,939	726,939
Special programs	<u>-</u>	<u>-</u>	<u>3,756,921</u>	<u>3,756,921</u>
Total fund balances - restricted	<u>-</u>	<u>-</u>	<u>4,952,819</u>	<u>4,952,819</u>
Committed for -				
Wharf repair project	<u>335,118</u>	<u>-</u>	<u>-</u>	<u>335,118</u>
Unassigned	<u>1,600,031</u>	<u>(551,598)</u>	<u>(289,534)</u>	<u>758,899</u>
Total fund balances	<u>\$ 2,089,520</u>	<u>\$ (551,598)</u>	<u>\$ 5,152,461</u>	<u>\$ 6,690,383</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(15) Interfund Transfers

Interfund transfers for the year ended December 31, 2014 are as follows:

Receiving Fund	Transferring Fund				Total
	Governmental Activities	Business-Type Activities			
		Other	Electric, Gas	Sanitation	
	General	Nonmajor Governmental	and Water	and Sewer	
Governmental Activities:					
General	\$ -	\$ 27,500	\$3,350,000	\$ 450,000	\$3,827,500
Other nonmajor governmental	639,594	614,694	-	-	1,254,288
Internal service funds	191,824	-	-	-	191,824
Business-type Activities:					
Sanitation and Sewer	-	988,000	-	-	988,000
	\$ 831,418	\$1,630,194	\$3,350,000	\$ 450,000	\$6,261,612

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(16) Private Purpose Trust Fund

The H & B Young Fund, a charitable foundation, has made cash contributions to the City, for specific purposes, which will be administered under one fund called the Morgan City Young Fund. At December 31, 2014, there was a balance in this fund which amounted to \$166,762, detailed as follows:

Swamp Garden/Tourist Center annual operations	\$ 17,037
Morgan City Recreation Complex	9,953
Morgan City Municipal Auditorium	31,024
Lake End Park	(5,100)
Main Street Project	64,666
Morgan City Archives	(2,695)
Industrial Park Marker	2,000
Beautification	22,762
Morgan City Fire Department	(2,522)
Morgan City Police Department	3,655
Recreation	17,040
Museum House	(13,414)
Adams Street Park	(10,178)
Library	2,534
Wharf Fund	10,000
Extension of McClellan Drive	20,000
	<u>\$ 166,762</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(17) Natural Gas Purchases

The City purchased natural gas for resale from Texas Gas Transmission, LLC during 2014 in the amount of \$1,086,282 pursuant to a natural gas sales and purchase contract.

(18) Louisiana Energy and Power Authority

In October 1982, the City entered into a power sales contract for electricity with Louisiana Energy and Power Authority (LEPA). LEPA, a political subdivision of the State of Louisiana, is to provide a 20 percent ownership interest in a power station for the generation and transmission of electric power for its members, one of which is the City. Each member is required to purchase its respective entitlement share of generated electricity. The aggregate entitlement shares of all members equal 100% of which the City's share is 21%. Each member is required to pay on a monthly basis for its entitlement share of power capability project energy scheduled by the member and its share of project energy-related costs.

The power sales contract will continue in effect for a period of 50 years or the date the agreement is terminated and settlement completed. However, in no event will the contract continue beyond July 1, 2032.

In October 1989, the following additional agreements became effective between the City of Morgan City and LEPA.

- A. The power supply agreement requires the City to purchase all electric power and energy from LEPA. Each month the City is billed a demand charge for billing demand and an energy charge for all energy used. For the fiscal year ended December 31, 2014, the City's demand and energy charges were \$3,323,002 and \$8,781,366, respectively. These costs are included in operating expenses – fuel costs in the Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds.
- B. The agreement for the purchase of Rodemacher Unit No. 2 dependable capacity requires the City to sell to LEPA the output from its entitlement share of project capability, as required to be purchased under the power sales contract dated October 1, 1982. During the year ended December 2014, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$2,576,579 and \$5,082,322, respectively.

In June 2013, The City entered into an additional power sales contract with LEPA in connection with the construction of LEPA Unit No. 1, an approximately 64MW, nominal, combined cycle combustion turbine electric generating unit to be located in Morgan City, Louisiana. The contract is to be effective on the date LEPA Unit No. 1 is placed into normal, continuous operation, presently anticipated to be August 6, 2015, and continue until the later of (i) the date the principal of and interest on all debt associated with the construction have been paid or funds have been set aside for their payment, or (ii) the earlier of (a) the date LEPA Unit No. 1 is no longer used and useful for the generation of electricity or (b) a date that is fifty (50) years from the date LEPA Unit No. 1 is placed into normal, continuous operation.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Under the power sales agreement, each member agrees to purchase its respective entitlement share of the electricity generated and to pay for such purchases on a monthly basis. The City's share is approximately 16%. Each member also covenants and agrees that it will not issue bonds, notes or other evidences of indebtedness, or enter into any contract or agreement or incur any expenses, payable from or secured by revenues superior to or having a priority over the obligations to make payments under the power sales agreement.

(19) Contingencies

Pending Litigation

There are several lawsuits presently pending against the City as of December 31, 2014. In the suits pending, legal counsel and elected officials are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The City is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2014. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

Environmental Compliance

The City operates a sewerage plant, which is regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the City's management, all applicable regulations have received full compliance, however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

Federal Programs

The City participates in a number of federally assisted grant programs and is subject to compliance audits under the single audit approach. Such audits could lead to request for reimbursement by the grantor agencies for expenses disallowed under the terms of the grants. The City's management believes that the extent of such disallowance, if any, which may arise will not be material.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(20) Fund Deficits

The following individual fund deficits which are not apparent from the face of the combined financial statements require disclosure:

Capital Project:

LCDBG	291,892
Louisiana Capital Outlay	102,810

It is anticipated that the deficits will be funded by excess revenues in subsequent periods or by appropriations from the enterprise funds.

The deficit in the Emergency Management Special Revenue Fund in the amount of \$551,598 is due to revenue recognition limitations under the modified accrual basis of accounting. The deficit will be funded by the collection of grant proceeds and the recognition of those collections as revenue.

(21) Segment Information

The City maintains two enterprise funds with departments which provide electric, gas, water, mosquito control, sanitation, and sewer services.

Segment information for the year ended December 31, 2014 was as follows:

	Electric Department	Gas Department	Water Department	Mosquito Department	Sewer Department	Sanitation Department	Total Enterprise Funds
Operating revenues:	\$ 15,250,862	\$ 4,754,901	\$ 1,970,680	\$ 153,292	\$ 1,571,800	\$ 1,207,141	\$ 24,908,675
Operating expenses:							
Depreciation	422,045	188,627	397,468	13,330	581,557	117,789	1,720,816
Other	14,364,496	1,540,413	1,574,692	103,991	1,107,143	1,325,331	20,016,066
Total operating expenses	14,786,541	1,729,040	1,972,160	117,321	1,688,700	1,443,120	21,736,881
Operating income (loss)	464,321	3,025,861	(1,480)	35,971	(116,900)	(235,979)	3,171,794
Nonoperating revenues (expenses)	(77,002)	(23,435)	(10,044)	(1,116)	(4,314)	(3,254)	\$ (119,165)
Transfers	(2,311,500)	(703,500)	(301,500)	(33,500)	306,660	231,340	(2,812,000)
Change in net position	\$ (1,924,181)	\$ 2,298,926	\$ (313,024)	\$ 1,355	\$ 185,446	\$ (7,893)	\$ 240,629

A single revenue stream is not dedicated for the repayment of debt, therefore, the condensed financial information for the statement of net position and the statement of cash flows is not presented.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(22) Post-employment benefits

Plan Description – The City's Office's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The plan does not issue a separately available financial report.

The employees are covered by one of several retirement systems: the Municipal Employees' Retirement System of Louisiana (MERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; the Municipal Police Retirement System of Louisiana (MPERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; the Firefighters' Retirement System of Louisiana (FRS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; the Parochial Employees' Retirement System of Louisiana (PERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. The PERS eligibility provisions for employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. There was also one employee covered by LASERS who was assumed to have the same retirement eligibility as MERS. The uniformed service employees with age 55 and 12 years of service eligibility were assumed to wait until age 60 and 20 years of service if not eligible sooner through one of the other formulas.

Life insurance coverage is continued to retirees upon retirement. The retiree pays 100% of the "cost" of the retiree life insurance, but it is based on the blended rate and there is therefore an implied employer subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are a flat \$5,000.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2010, the City recognized the cost of providing post-employment medical and life insurance benefits (the City's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the City's portion of health care and life insurance funding cost for retired employees totaled \$108,817 and \$107,404, respectively.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Annual Required Contribution – The City’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2014	2013
Normal cost	\$ 141,339	\$ 164,467
30-year UAL amortization amount	<u>276,725</u>	<u>295,879</u>
Annual required contribution (ARC)	<u>\$ 418,064</u>	<u>\$ 460,346</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the City’s net other post-employment benefit (OPEB) obligation for fiscal years ended December 31:

	2014	2013
Beginning net OPEB obligation	<u>\$ 1,823,240</u>	<u>\$ 1,496,989</u>
Annual required contribution	418,064	460,346
Interest on net OPEB obligation	72,930	59,880
ARC adjustment	<u>(105,438)</u>	<u>(86,571)</u>
OPEB cost	385,555	433,655
Current year retiree premium	<u>(108,817)</u>	<u>(107,404)</u>
Change in net OPEB obligation	<u>276,738</u>	<u>326,251</u>
Ending net OPEB obligation	<u>\$ 2,099,978</u>	<u>\$ 1,823,240</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The following table shows the City's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
December 31, 2014	\$385,555	28.22%	\$ 2,099,978
December 31, 2013	\$433,655	24.77%	\$ 1,823,240
December 31, 2012	\$421,694	23.58%	\$ 1,496,989

Funded Status and Funding Progress – In 2014 and 2013, the City made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2014 was \$4,976,606 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2014</u>	<u>2013</u>
Actuarial accrued liability (AAL)	\$ 4,976,606	\$ 5,116,429
Actuarial value of plan assets (AVP)	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,976,606</u>	<u>\$ 5,116,429</u>
Funded ratio (AVP/AAL)	<u>0%</u>	<u>0%</u>
Covered Payroll (active plan members)	<u>\$ 7,356,964</u>	<u>\$ 7,137,367</u>
UAAL as a percentage of covered payroll	<u>67.64%</u>	<u>71.69%</u>

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. In addition, based on past experience it was assumed that 10% of retirees decline medical coverage upon retirement.

Post employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence five years after eligibility to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays varying percentages of the medical insurance cost of retirees (not for dependents) based on a formula depending on years of service at retirement: 50% for 25 or more years, 25% for 20 or more but less than 25 years, or 0% for less than 20 years. The rates provided applicable to retirees are "blended" rates (the rates are a blend of the active and retired rates). Since GASB Codification Section P50 mandates that "unblended" rates be used, we have estimated the "unblended" rates for retired before and after Medicare eligibility. It has been assumed that the retiree rate before Medicare eligibility is 130% of the blended rate and 100% of the blended rate after Medicare eligibility.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Inflation Rate - Included in both the investment return assumption and the healthcare cost trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	FY 2012	FY 2013	FY 2014
OPEB Cost	\$ 421,694	\$ 433,655	\$ 385,555
Retiree premium	<u>99,448</u>	<u>107,404</u>	<u>108,817</u>
Change in net OPEB obligation	<u>\$ 322,246</u>	<u>\$ 326,251</u>	<u>\$ 276,738</u>
% of contribution to cost	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
% of contribution plus premium to cost	<u>23.58%</u>	<u>24.77%</u>	<u>28.22%</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(23) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended December 31, 2014 follows:

Mayor:		
Frank P. Grizzaffi, III	\$	63,000
City Council:		
Timmy T. Hymel		9,600
Barry Dufrene		9,600
Ronnie Bias		9,600
James Fontenot		9,600
Louis J. Tamporello, Jr.		9,600
Total	\$	<u>111,000</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended December 31, 2014, payments made to Mayor Frank P. Grizzaffi, III requiring disclosure are as follows:

Salary	\$	63,000
Benefits - Insurance		4,973
Benefits - Retirement		5,985
Car and cell phone allowance		6,600
Special meals		200
Total	\$	<u>80,758</u>

(24) New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by GASB Statement No. 67. The provisions of GASB Statement No. 68 must be implemented by the City for the year ending December 31, 2015. The effect of implementation of this statement on the City's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,482,504	\$ 5,470,797	\$ 5,495,985	\$ 25,188
Licenses and permits	994,500	1,160,005	1,153,404	(6,601)
Intergovernmental	266,410	296,841	296,840	(1)
Charges for services	30,000	82,289	78,567	(3,722)
Fines and forfeits	160,000	164,977	181,636	16,659
Miscellaneous	197,500	515,899	514,564	(1,335)
Total revenues	<u>7,130,914</u>	<u>7,690,808</u>	<u>7,720,996</u>	<u>30,188</u>
Expenditures:				
General government:				
Administrative	2,112,201	2,181,692	2,142,669	39,023
Purchasing	171,847	189,368	189,129	239
Planning and zoning	415,197	337,269	336,415	854
Public safety:				
Police	3,647,806	3,264,741	3,309,826	(45,085)
Fire	2,394,326	2,336,396	2,348,565	(12,169)
Public works:				
Streets and drainage	1,294,996	1,191,599	1,197,963	(6,364)
Storm water	14,250	3,663	3,663	-
Cemetery	196,669	173,448	171,888	1,560
Culture and recreation	80,394	59,736	60,728	(992)
Capital outlay	76,100	168,201	163,441	4,760
Total expenditures	<u>10,403,786</u>	<u>9,906,113</u>	<u>9,924,287</u>	<u>(18,174)</u>
Deficiency of revenues over expenditures	<u>(3,272,872)</u>	<u>(2,215,305)</u>	<u>(2,203,291)</u>	<u>12,014</u>
Other financing sources:				
Transfers in	3,852,500	3,847,423	3,827,500	(19,923)
Transfers out	<u>(709,594)</u>	<u>(832,000)</u>	<u>(831,418)</u>	<u>582</u>
Total other financing sources	<u>3,142,906</u>	<u>3,015,423</u>	<u>2,996,082</u>	<u>(19,341)</u>
Net changes in fund balance	(129,966)	800,118	792,791	(7,327)
Fund balance, beginning	<u>1,296,729</u>	<u>1,296,729</u>	<u>1,296,729</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,166,763</u>	<u>\$ 2,096,847</u>	<u>\$ 2,089,520</u>	<u>\$ (7,327)</u>

See notes to budgetary comparison schedules.

CITY OF MORGAN CITY, LOUISIANA
Special Revenue Fund
Emergency Management Fund

Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	<u>\$ 595,533</u>	<u>\$ 161,350</u>	<u>\$ 161,350</u>	<u>\$ -</u>
Net changes in fund balance	595,533	161,350	161,350	-
Fund balance, beginning	<u>(712,948)</u>	<u>(712,948)</u>	<u>(712,948)</u>	<u>-</u>
Fund balance, ending	<u>\$ (117,415)</u>	<u>\$ (551,598)</u>	<u>\$ (551,598)</u>	<u>\$ -</u>

See note to budgetary comparison schedules.

CITY OF MORGAN CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

General Fund

The budget for the General Fund and all other special revenue funds is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

(2) Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least ninety (90) days prior to the beginning of each fiscal year, the Mayor submits a proposed operating budget to the City Council.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten (10) days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance at least fifteen (15) days prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the debt service and capital projects funds are adopted in total by fund type rather than by individual funds. Budgeted amounts are as originally adopted or as amended from time to time by the City Council.
8. Budgetary control is exercised at the fund level.

(3) Excess of Expenditures over Appropriations

For the year ended December 31, 2014, expenditures exceeded appropriations in the General Fund by \$18,174. These excess expenditures were covered by available fund balance in the fund.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Funding Progress
Postemployment Benefits Other Than Pensions
Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 3,455,583	\$3,455,583	0.00%	\$8,053,493	42.91%
1/1/2010	-	3,711,739	3,711,739	0.00%	8,469,045	43.83%
1/1/2012	-	4,919,643	4,919,643	0.00%	7,016,616	70.11%
1/1/2014	-	4,976,606	4,976,606	0.00%	7,356,964	67.64%

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$1,747,077	\$1,792,863	\$1,818,049	\$ 25,186
Sales	<u>3,735,427</u>	<u>3,677,934</u>	<u>3,677,936</u>	<u>2</u>
Total taxes	<u>5,482,504</u>	<u>5,470,797</u>	<u>5,495,985</u>	<u>25,188</u>
Licenses and permits:				
Liquor and beer licenses	25,000	23,090	23,090	-
Occupational licenses	900,000	989,000	978,982	(10,018)
Building permits	60,000	133,190	133,179	(11)
Chain store	7,000	7,500	7,455	(45)
Other	<u>2,500</u>	<u>7,225</u>	<u>10,698</u>	<u>3,473</u>
Total licenses and permits	<u>994,500</u>	<u>1,160,005</u>	<u>1,153,404</u>	<u>(6,601)</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	20,000	20,775	20,775	-
Video poker	150,000	110,555	110,555	-
City Court	30,000	23,340	23,339	(1)
Police	10,000	3,300	-	(3,300)
Other	6,410	84,091	87,391	3,300
St. Mary Parish Council -				
Fire insurance tax	<u>50,000</u>	<u>54,780</u>	<u>54,780</u>	<u>-</u>
Total intergovernmental	<u>266,410</u>	<u>296,841</u>	<u>296,840</u>	<u>(1)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for services:				
Inspection fees	\$ 10,000	\$ 49,000	\$ 45,278	\$ (3,722)
Probation fees	15,000	13,769	13,769	-
Police accident reports, etc.	5,000	19,520	19,520	-
Total charges for services	<u>30,000</u>	<u>82,289</u>	<u>78,567</u>	<u>(3,722)</u>
Fines and forfeits:				
Fines and forfeits	<u>160,000</u>	<u>164,977</u>	<u>181,636</u>	<u>16,659</u>
Total fines and forfeits	<u>160,000</u>	<u>164,977</u>	<u>181,636</u>	<u>16,659</u>
Miscellaneous:				
Property rentals	22,000	25,560	24,433	(1,127)
Cemetery lot sales	60,000	79,860	79,860	-
Proceeds from workers comp	75,000	336,382	336,382	-
Notice fees	5,000	6,000	5,999	(1)
Insurance claim proceeds	-	7,987	7,987	-
Subpoena collections	5,000	7,635	7,635	-
Interest earned	500	1,510	1,510	-
Sale of Fixed Assets	-	769	769	-
Other sources	<u>30,000</u>	<u>50,196</u>	<u>49,989</u>	<u>(207)</u>
Total miscellaneous	<u>197,500</u>	<u>515,899</u>	<u>514,564</u>	<u>(1,335)</u>
 Total revenues	 <u>\$7,130,914</u>	 <u>\$7,690,808</u>	 <u>\$7,720,996</u>	 <u>\$ 30,188</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Administrative:				
Personnel services				
Salaries and wages-				
Administration	\$ 642,048	\$ 659,528	\$ 664,191	\$ (4,663)
City court	318,888	283,758	283,758	-
Payroll taxes	18,915	19,131	19,131	-
Hospitalization	214,228	214,806	214,806	-
Workers compensation	9,720	8,999	8,999	-
Retirement	160,902	164,176	164,176	-
	<u>1,364,701</u>	<u>1,350,398</u>	<u>1,355,061</u>	<u>(4,663)</u>
Supplies and materials-				
Vehicle expense	200	268	268	-
Miscellaneous	6,550	16,999	15,892	1,107
Office	28,500	22,813	22,815	(2)
Uniforms	2,000	1,804	1,804	-
	<u>37,250</u>	<u>41,884</u>	<u>40,779</u>	<u>1,105</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	3,500	2,410	2,120	290
Insurance and bonds	210,000	203,600	179,600	24,000
Professional fees	127,200	188,723	188,723	-
Subscriptions and publishing	25,000	21,000	14,680	6,320
Equipment rentals	6,000	5,200	5,201	(1)
Telephone	12,500	12,500	12,554	(54)
Community services	29,550	19,400	14,194	5,206
Travel and conventions	6,500	5,500	4,783	717
Utilities	260,000	303,300	303,310	(10)
	<u>680,250</u>	<u>761,633</u>	<u>725,165</u>	<u>36,468</u>
Repairs and maintenance	<u>30,000</u>	<u>27,777</u>	<u>21,664</u>	<u>6,113</u>
Total administrative	<u>2,112,201</u>	<u>2,181,692</u>	<u>2,142,669</u>	<u>39,023</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchasing:				
Personnel services-				
Salaries	121,398	119,142	119,142	-
Payroll taxes	1,699	1,756	1,756	-
Hospitalization	15,037	15,383	15,383	-
Workers compensation	488	432	432	-
Retirement	21,975	23,437	23,437	-
	<u>160,597</u>	<u>160,150</u>	<u>160,150</u>	<u>-</u>
Supplies and materials -				
Miscellaneous	1,250	2,363	2,363	-
Office	1,500	14,260	14,257	3
	<u>2,750</u>	<u>16,623</u>	<u>16,620</u>	<u>3</u>
Contractual services-				
Equipment rentals	1,500	2,435	2,435	-
Telephone	2,000	2,160	2,159	1
Utilities	3,500	4,000	3,942	58
	<u>7,000</u>	<u>8,595</u>	<u>8,536</u>	<u>59</u>
Repairs and maintenance	1,500	4,000	3,823	177
Total purchasing	<u>171,847</u>	<u>189,368</u>	<u>189,129</u>	<u>239</u>
Planning and zoning:				
Personnel services-				
Salaries	254,748	220,748	220,776	(28)
Payroll taxes	2,798	2,513	2,513	-
Hospitalization	29,983	25,632	25,632	-
Workers compensation	14,428	7,727	7,727	-
Retirement	46,190	43,309	43,309	-
	<u>348,147</u>	<u>299,929</u>	<u>299,957</u>	<u>(28)</u>
Supplies and materials -				
Office	4,000	5,500	5,609	(109)
Vehicle expense	4,000	4,750	4,693	57
Miscellaneous	4,135	823	697	126
	<u>12,135</u>	<u>11,073</u>	<u>10,999</u>	<u>74</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Dues and subscriptions	300	1,578	1,578	-
Professional fees	31,450	2,665	2,665	-
Telephone	3,600	3,292	3,292	-
Utilities	2,400	3,000	2,890	110
Equipment rentals	4,620	4,620	4,397	223
Travel	500	2,431	2,431	-
Training	4,500	1,966	1,966	-
	<u>47,370</u>	<u>19,552</u>	<u>19,219</u>	<u>333</u>
Repairs and maintenance	<u>7,545</u>	<u>6,715</u>	<u>6,240</u>	<u>475</u>
Total planning and zoning	<u>415,197</u>	<u>337,269</u>	<u>336,415</u>	<u>854</u>
PUBLIC SAFETY				
Police:				
Personnel services-				
Salaries	1,972,748	1,872,122	1,912,355	(40,233)
Payroll taxes	29,357	28,882	28,882	-
Hospitalization	271,427	217,246	217,246	-
Pension and relief fund	43,425	43,425	43,425	-
Retirement - state plan	584,377	473,554	473,554	-
Retirement and unemployment	143,972	133,282	133,282	-
Subpoena expense	500	400	400	-
	<u>3,045,806</u>	<u>2,768,911</u>	<u>2,809,144</u>	<u>(40,233)</u>
Supplies and materials -				
Vehicle expense	260,000	142,023	142,863	(840)
Guns and ammunition	8,000	8,000	7,981	19
Miscellaneous	12,000	23,120	23,478	(358)
Office supplies	18,000	19,220	20,590	(1,370)
Street Signs	-	-	511	(511)
Uniforms and equipment	39,000	31,598	31,374	224
	<u>337,000</u>	<u>223,961</u>	<u>226,797</u>	<u>(2,836)</u>
Contractual services-				
Legal fees	4,000	6,500	8,959	(2,459)
Dog pound charges	47,500	36,870	36,870	-
Autopsy reports	10,000	7,665	7,665	-
Housing prisoners	40,000	26,394	26,394	-
Telephone	35,000	30,500	30,338	162
Insurance loss claims	25,000	58,272	58,272	-
Training schools and conventions	20,000	11,000	10,792	208
Utilities	50,000	61,000	60,926	74
Insurance	3,500	3,534	3,534	-
	<u>235,000</u>	<u>241,735</u>	<u>243,750</u>	<u>(2,015)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>30,000</u>	<u>30,134</u>	<u>30,135</u>	<u>(1)</u>
Total police	<u>3,647,806</u>	<u>3,264,741</u>	<u>3,309,826</u>	<u>(45,085)</u>
Fire:				
Personnel services-				
Salaries	1,429,488	1,391,890	1,391,890	-
Payroll taxes	20,229	21,526	21,526	-
Hospitalization	188,472	190,581	190,581	-
Workers compensation	147,909	141,701	141,378	323
Retirement	439,712	415,669	415,669	-
	<u>2,225,810</u>	<u>2,161,367</u>	<u>2,161,044</u>	<u>323</u>
Supplies and materials -				
Uniforms	4,000	4,000	5,930	(1,930)
Fire fighting equipment	16,000	17,000	17,103	(103)
Miscellaneous	6,200	9,372	9,090	282
Office	18,000	15,500	16,442	(942)
Small tools/supplies	7,000	2,063	12,460	(10,397)
Truck expense	20,000	22,955	22,908	47
Fire prevention supplies	<u>-</u>	<u>3,500</u>	<u>3,477</u>	<u>23</u>
	<u>71,200</u>	<u>74,390</u>	<u>87,410</u>	<u>(13,020)</u>
Contractual services-				
Insurance - volunteer fire department	1,000	1,000	874	126
Telephone	10,000	9,270	9,270	-
Training schools and conventions	23,500	8,000	7,573	427
Rentals	3,000	4,150	4,153	(3)
Utilities	<u>15,000</u>	<u>17,850</u>	<u>17,845</u>	<u>5</u>
	<u>52,500</u>	<u>40,270</u>	<u>39,715</u>	<u>555</u>
Repairs and maintenance	<u>44,816</u>	<u>60,369</u>	<u>60,396</u>	<u>(27)</u>
Total fire	<u>2,394,326</u>	<u>2,336,396</u>	<u>2,348,565</u>	<u>(12,169)</u>
Total public safety	<u>6,042,132</u>	<u>5,601,137</u>	<u>5,658,391</u>	<u>(57,254)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Streets and drainage:				
Personnel services-				
Salaries	665,428	617,374	628,004	(10,630)
Payroll taxes	9,529	8,563	8,563	-
Hospitalization	91,100	76,940	76,940	-
Unemployment compensation	80,156	79,544	79,544	-
Retirement	118,533	110,108	110,108	-
Contract Labor	-	1,840	1,840	-
	<u>964,746</u>	<u>894,369</u>	<u>904,999</u>	<u>(10,630)</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	32,000	20,000	19,346	654
Vehicle expense	100,000	68,631	66,279	2,352
Uniforms	6,000	4,135	4,134	1
Supplies	3,500	12,449	13,033	(584)
Miscellaneous	6,750	3,446	2,638	808
Small tools	10,000	12,463	11,897	566
Chemicals	5,000	2,062	2,062	-
	<u>163,250</u>	<u>123,186</u>	<u>119,389</u>	<u>3,797</u>
Contractual services-				
Equipment rental	10,000	17,424	17,424	-
Insurance claims	-	3,263	3,263	-
Telephone	2,000	2,000	1,993	7
Training personnel	1,000	-	-	-
Utilities	6,000	6,000	5,999	1
	<u>19,000</u>	<u>28,687</u>	<u>28,679</u>	<u>8</u>
Repairs and maintenance -				
Drainage pumps and systems	4,000	30,000	27,093	2,907
Trucks, equipment and buildings	144,000	115,357	117,803	(2,446)
	<u>148,000</u>	<u>145,357</u>	<u>144,896</u>	<u>461</u>
Total streets and drainage	<u>1,294,996</u>	<u>1,191,599</u>	<u>1,197,963</u>	<u>(6,364)</u>
Storm water:				
Contractual services-				
Miscellaneous	7,250	734	734	-
Professional services	2,500	-	-	-
Training personnel	4,500	2,929	2,929	-
Total storm water	<u>14,250</u>	<u>3,663</u>	<u>3,663</u>	<u>-</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Cemetery:				
Personnel services-				
Salaries	93,277	69,555	73,278	(3,723)
Payroll taxes	1,353	1,048	1,048	-
Hospitalization	18,284	14,024	14,024	-
Workers compensation	9,925	12,649	7,201	5,448
Retirement	17,265	13,495	13,495	-
	140,104	110,771	109,046	1,725
Supplies and materials -				
Gasoline and oil - truck	7,000	7,000	6,651	349
Uniforms	500	500	831	(331)
Office supplies	1,500	1,540	1,540	-
Miscellaneous	11,860	18,176	18,349	(173)
Chemicals	5,000	2,000	4,456	(2,456)
Small tools	7,940	3,600	1,295	2,305
	33,800	32,816	33,122	(306)
Contractual services-				
Insurance loss claims	-	219	219	-
Equipment rental	1,500	7,500	7,494	6
Telephone	765	765	758	7
Utilities	4,000	4,260	4,262	(2)
	6,265	12,744	12,733	11
Repairs and maintenance	16,500	17,117	16,987	130
Total cemetery	196,669	173,448	171,888	1,560
Total public works	1,505,915	1,368,710	1,373,514	(4,804)
CULTURE AND RECREATION				
Petting zoo/ cypress park:				
Personnel services-				
Salaries	30,120	35,123	32,373	2,750
Payroll taxes	1,248	817	817	-
Hospitalization	4,571	4,315	4,315	-
Workers compensation	1,711	1,862	1,862	-
Retirement	3,194	5,835	5,835	-
	40,844	47,952	45,202	2,750
Supplies and materials -				
Gasoline and oil - trucks and equipment	2,500	340	337	3
Miscellaneous	11,500	138	8,737	(8,599)
Petting zoo	17,500	1,780	1,738	42
Office supplies	200	100	122	(22)
Small tools	2,500	387	387	-
Special events	1,500	5,155	345	4,810
	35,700	7,900	11,666	(3,766)

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Advertising	1,000	25	25	-
Telephone	850	900	896	4
Utilities	2,000	2,000	1,981	19
	<u>3,850</u>	<u>2,925</u>	<u>2,902</u>	<u>23</u>
Repairs and maintenance	<u>-</u>	<u>959</u>	<u>958</u>	<u>1</u>
Total culture and recreation	<u>80,394</u>	<u>59,736</u>	<u>60,728</u>	<u>(992)</u>
CAPITAL OUTLAY				
General government :				
General administrative - equipment	-	1,619	1,619	-
Planning and zoning	1,000	-	-	-
Purchasing	2,000	-	-	-
Public safety :				
Police	60,000	58,177	56,819	1,358
Fire	-	62,395	52,687	9,708
Public works:				
Streets and drainage-				
Equipment	9,100	42,916	42,916	-
Cemetery :				
Improvements	-	1,094	1,094	-
Culture and recreation:				
Improvements	<u>4,000</u>	<u>2,000</u>	<u>8,306</u>	<u>(6,306)</u>
Total capital outlay	<u>76,100</u>	<u>168,201</u>	<u>163,441</u>	<u>4,760</u>
Total expenditures	<u>\$ 10,403,786</u>	<u>\$ 9,906,113</u>	<u>\$ 9,924,287</u>	<u>\$ (18,174)</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Electric sales	\$ 15,652,561	\$ 14,935,266	\$ (717,295)
Gas sales	1,802,500	4,658,851	2,856,351
Water sales	2,002,500	1,929,515	(72,985)
Mosquito control sales	145,000	148,717	3,717
Other	<u>395,000</u>	<u>457,385</u>	<u>62,385</u>
Total operating revenues	<u>19,997,561</u>	<u>22,129,734</u>	<u>2,132,173</u>
Nonoperating revenues:			
Interest income	<u>2,500</u>	<u>334</u>	<u>(2,166)</u>
Total nonoperating revenue	<u>2,500</u>	<u>334</u>	<u>(2,166)</u>
Total revenues	<u>\$ 20,000,061</u>	<u>\$ 22,130,068</u>	<u>\$ 2,130,007</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses:			
Electric generation -			
Supplies and materials:			
Miscellaneous	\$ -	\$ 332	\$ (332)
Fuel costs:			
LEPA - energy	7,514,246	8,781,365	(1,267,119)
LEPA - demand	3,305,456	3,323,003	(17,547)
	<u>10,819,702</u>	<u>12,104,368</u>	<u>(1,284,666)</u>
Contractual services:			
Telephone	-	444	(444)
Utilities	-	927	(927)
	<u>-</u>	<u>1,371</u>	<u>(1,371)</u>
Depreciation	<u>175,000</u>	<u>3,089</u>	<u>171,911</u>
Total electric generation	10,994,702	12,109,160	(1,114,458)
Electric transmission and distribution -			
Personnel services:			
Salaries and wages	493,032	516,281	(23,249)
Payroll taxes	7,030	5,624	1,406
Hospitalization and life insurance	50,818	41,798	9,020
Workers compensation	15,608	15,814	(206)
Retirement	83,406	80,568	2,838
Other	-	263	(263)
	<u>649,894</u>	<u>660,348</u>	<u>(10,454)</u>
Supplies and materials:			
Auto and truck	35,000	22,616	12,384
Uniforms	5,000	2,743	2,257
Lamps and street lights	10,000	(970)	10,970
Office supplies	10,000	7,758	2,242
Training	500	1,900	(1,400)
Miscellaneous	3,500	9,891	(6,391)
Small tools and supplies	15,000	12,477	2,523
	<u>79,000</u>	<u>56,415</u>	<u>22,585</u>
Contractual services:			
Professional fees	-	1,971	(1,971)
Insurance	-	15,294	(15,294)
Equipment rental	1,500	2,171	(671)
Environmental monitoring	50,000	75,053	(25,053)
Newspaper ads and publications	-	19	(19)
Telephone	2,500	5,809	(3,309)
Travel	1,000	1,736	(736)
Utilities	7,000	8,317	(1,317)
	<u>62,000</u>	<u>110,370</u>	<u>(48,370)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund
Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Building	-	903	(903)
Equipment	20,000	14,916	5,084
Poles	10,000	97	9,903
Lines	40,000	42,709	(2,709)
Meters	20,000	6,512	13,488
Transformers	40,000	78,525	(38,525)
Contract line repair	10,000	4,341	5,659
Maintenance agreements	103,778	195,996	(92,218)
	<u>243,778</u>	<u>343,999</u>	<u>(100,221)</u>
Depreciation	<u>250,000</u>	<u>379,407</u>	<u>(129,407)</u>
Total electric transmission and distribution	<u>1,284,672</u>	<u>1,550,539</u>	<u>(265,867)</u>
Water manufacturing -			
Personnel services:			
Salaries and wages	411,524	381,880	29,644
Payroll taxes	5,086	4,517	569
Hospitalization and life insurance	40,664	34,170	6,494
Workers compensation	33,098	23,820	9,278
Retirement	69,006	67,845	1,161
Other	3,000	535	2,465
	<u>562,378</u>	<u>512,767</u>	<u>49,611</u>
Supplies and materials:			
Auto and truck	3,000	2,986	14
Chemicals	280,000	292,387	(12,387)
Uniforms	1,200	-	1,200
Office supplies	6,000	1,980	4,020
Miscellaneous	2,644	4,181	(1,537)
Small tools and supplies	6,500	11,115	(4,615)
	<u>299,344</u>	<u>312,649</u>	<u>(13,305)</u>
Contractual services:			
Equipment rental	500	326	174
Utilities	130,000	146,418	(16,418)
Telephone	4,000	3,508	492
Training	-	953	(953)
Professional fees	40,000	4,710	35,290
	<u>174,500</u>	<u>155,915</u>	<u>18,585</u>
Repairs and maintenance:			
Building	5,000	644	4,356
Equipment	45,000	27,635	17,365
Water tower	139,013	157,212	(18,199)
Pumping station and lines	15,000	-	15,000
	<u>204,013</u>	<u>185,491</u>	<u>18,522</u>
Depreciation	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total water manufacturing	<u>1,365,235</u>	<u>1,291,822</u>	<u>73,413</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund
Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Water distribution -			
Personnel services:			
Salaries and wages	150,888	126,009	24,879
Payroll taxes	2,161	1,866	295
Hospitalization and life insurance	17,152	9,992	7,160
Workers compensation	9,336	5,886	3,450
Retirement	24,007	19,837	4,170
Other	2,500	337	2,163
	<u>206,044</u>	<u>163,927</u>	<u>42,117</u>
Supplies and materials:			
Auto and truck	5,000	2,165	2,835
Uniforms	1,500	1,545	(45)
Office expense	2,000	1,009	991
Miscellaneous	3,000	2,650	350
Small tools and supplies	5,000	5,490	(490)
Fill shells and concrete	35,000	31,490	3,510
	<u>51,500</u>	<u>44,349</u>	<u>7,151</u>
Contractual services:			
Insurance	-	278	(278)
Professional services	-	80	(80)
Service connections	4,000	-	4,000
Rentals	2,000	3,307	(1,307)
Telephone	4,000	1,296	2,704
Utilities	5,000	5,887	(887)
	<u>15,000</u>	<u>10,848</u>	<u>4,152</u>
Repairs and maintenance:			
Contract repairs	3,000	10,290	(7,290)
Repair parts - meters and lines	55,000	56,020	(1,020)
Towers and lines	25,000	475	24,525
Equipment	15,000	2,703	12,297
	<u>98,000</u>	<u>69,488</u>	<u>28,512</u>
Depreciation	<u>286,000</u>	<u>268,130</u>	<u>17,870</u>
Total water distribution	<u>656,544</u>	<u>556,742</u>	<u>99,802</u>
Gas distribution -			
Personnel services:			
Salaries and wages	148,489	165,294	(16,805)
Payroll taxes	2,145	2,514	(369)
Hospitalization and life insurance	14,546	14,161	385
Workers compensation	6,973	8,129	(1,156)
Retirement	25,151	25,029	122
Other	4,500	3,761	739
	<u>201,804</u>	<u>218,888</u>	<u>(17,084)</u>
Supplies and materials:			
Auto and truck	30,000	24,015	5,985
Uniforms	1,000	1,093	(93)
Office supplies	3,000	668	2,332
Miscellaneous	4,000	4,108	(108)
Fill shells, asphalt and concrete	4,500	515	3,985
Small tools and supplies	3,500	4,205	(705)
	<u>46,000</u>	<u>34,604</u>	<u>11,396</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Fuel costs:			
Gas purchased	1,000,000	1,086,282	(86,282)
Contractual services:			
Training	8,000	4,026	3,974
Ads and publications	12,000	12,648	(648)
Consultant fees	25,000	33,926	(8,926)
Rentals	1,000	1,723	(723)
Service connections	7,500	-	7,500
Telephone	6,000	49	5,951
Utilities	1,500	322	1,178
	61,000	52,694	8,306
Repairs and maintenance:			
Lines, meters and equipment	41,000	31,349	9,651
Depreciation	200,000	184,386	15,614
Total gas distribution	1,549,804	1,608,203	(58,399)
General and administrative -			
Personnel services:			
Salaries and wages	270,538	275,402	(4,864)
Payroll taxes	3,282	3,716	(434)
Hospitalization and life insurance	38,893	37,964	929
Workers compensation	5,465	4,781	684
Retirement	49,601	48,983	618
Other	820	1,231	(411)
	368,599	372,077	(3,478)
Supplies and materials:			
Miscellaneous	8,000	23,621	(15,621)
Office supplies	12,000	13,834	(1,834)
Postage	12,000	24,849	(12,849)
Meters	5,000	11,078	(6,078)
Small tools and supplies	500	258	242
Truck and auto	6,500	5,186	1,314
Uniforms	1,500	1,573	(73)
	45,500	80,399	(34,899)
Contractual services:			
Equipment rentals	8,000	8,116	(116)
Insurance	500,000	435,042	64,958
Newspaper ads and publications	-	428	(428)
Professional fees	286,500	272,836	13,664
Telephone	4,000	5,408	(1,408)
Training	500	486	14
Utilities	6,000	13,651	(7,651)
St. Mary Waterworks District #2	27,500	11,454	16,046
	832,500	747,421	85,079

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Equipment	<u>5,000</u>	<u>6,877</u>	<u>(1,877)</u>
Other charges:			
Bad debts	<u>75,000</u>	<u>124,225</u>	<u>(49,225)</u>
Depreciation	<u>45,000</u>	<u>48,414</u>	<u>(3,414)</u>
Total general and administrative	<u>1,371,599</u>	<u>1,379,413</u>	<u>(7,814)</u>
Mosquito Control-			
Personnel services:			
Salaries and wages	-	6,643	(6,643)
Payroll taxes	-	98	(98)
Hospitalization and life insurance	-	564	(564)
Retirement	-	326	(326)
Other	<u>-</u>	<u>245</u>	<u>(245)</u>
	<u>-</u>	<u>7,876</u>	<u>(7,876)</u>
Supplies and materials:			
Auto and truck	-	1,985	(1,985)
Miscellaneous	-	1,656	(1,656)
Small tools and supplies	-	10,535	(10,535)
Chemicals	<u>-</u>	<u>38,018</u>	<u>(38,018)</u>
	<u>-</u>	<u>52,194</u>	<u>(52,194)</u>
Contractual services:			
Utilities	90	67	23
Contract spraying	<u>140,000</u>	<u>34,846</u>	<u>105,154</u>
	<u>140,090</u>	<u>34,913</u>	<u>105,177</u>
Repairs and maintenance	<u>-</u>	<u>1,155</u>	<u>(1,155)</u>
Depreciation	<u>14,250</u>	<u>13,044</u>	<u>1,206</u>
Total mosquito control	<u>154,340</u>	<u>109,182</u>	<u>45,158</u>
Total operating expenses	<u>\$ 17,376,896</u>	<u>\$ 18,605,061</u>	<u>\$ (1,228,165)</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Sanitation customers	\$ 1,208,713	\$ 1,207,141	\$ (1,572)
Sewer customers	<u>1,573,791</u>	<u>1,571,800</u>	<u>(1,991)</u>
Total operating revenues	<u>2,782,504</u>	<u>2,778,941</u>	<u>(3,563)</u>
Nonoperating revenues:			
Other	47,161	47,161	-
Interest income	<u>1,716</u>	<u>1,716</u>	<u>-</u>
Total nonoperating revenue	<u>48,877</u>	<u>48,877</u>	<u>-</u>
Total revenues	<u>\$ 2,831,381</u>	<u>\$ 2,827,818</u>	<u>\$ (3,563)</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Expenses:			
Sanitation -			
Personnel services:			
Salaries	\$ 346,955	\$ 353,508	\$ (6,553)
Payroll taxes	4,847	4,847	-
Hospitalization and life insurance	40,351	40,351	-
Workers compensation	57,733	57,733	-
Retirement benefits	57,443	57,443	-
Other	811	811	-
	<u>508,140</u>	<u>514,693</u>	<u>(6,553)</u>
Supplies and materials:			
Small tools and supplies	1,519	1,519	-
Uniforms	3,179	3,179	-
Office supplies	1,713	1,713	-
Truck expense	150,045	148,199	1,846
Miscellaneous	49,636	54,344	(4,708)
	<u>206,092</u>	<u>208,954</u>	<u>(2,862)</u>
Contractual services:			
Insurance	79,849	79,849	-
Solid waste disposal	359,082	359,082	-
Telephone	324	324	-
Utilities	2,025	2,026	(1)
	<u>441,280</u>	<u>441,281</u>	<u>(1)</u>
Repairs and maintenance	<u>160,403</u>	<u>160,403</u>	<u>-</u>
Depreciation	<u>98,000</u>	<u>117,789</u>	<u>(19,789)</u>
Total sanitation expenses	<u>1,413,915</u>	<u>1,443,120</u>	<u>(29,205)</u>
Sewer -			
Personnel services:			
Salaries	177,039	177,039	-
Payroll taxes	2,634	2,634	-
Hospitalization and life insurance	20,779	20,779	-
Workers compensation	10,007	10,007	-
Retirement benefits	27,814	27,814	-
Other	22	22	-
	<u>238,295</u>	<u>238,295</u>	<u>-</u>
Supplies and materials:			
Small tools and supplies	9,246	9,321	(75)
Uniforms	1,369	1,369	-
Office supplies	2,442	2,442	-
Truck expense	2,554	2,554	-
Miscellaneous	7,949	7,949	-
Fill shells and concrete	19,636	19,636	-
	<u>43,196</u>	<u>43,271</u>	<u>(75)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
Contractual services:			
Equipment rental	1,095	1,095	-
Insurance	25,000	25,000	-
Utilities and telephone	111,723	111,723	-
	<u>137,818</u>	<u>137,818</u>	<u>-</u>
Repairs and maintenance:			
Equipment	30,195	30,195	-
Pumps and lines	52,204	52,203	1
	<u>82,399</u>	<u>82,398</u>	<u>1</u>
Other charges:			
Bad debts	16,580	16,580	-
Depreciation	<u>230,000</u>	<u>233,360</u>	<u>(3,360)</u>
Total sewer expenses	<u>748,288</u>	<u>751,722</u>	<u>(3,434)</u>
Sewer treatment plant -			
Personnel services:			
Salaries	174,635	174,635	-
Payroll taxes	1,166	1,166	-
Hospitalization and life insurance	20,244	20,244	-
Workers compensation	11,637	11,637	-
Retirement benefits	33,907	33,907	-
Other	171	171	-
	<u>241,760</u>	<u>241,760</u>	<u>-</u>
Supplies and materials:			
Truck expense	6,580	6,580	-
Chemical	23,649	23,649	-
Miscellaneous	2,074	2,074	-
Office supplies	956	956	-
Small tools and supplies	1,844	1,844	-
	<u>35,103</u>	<u>35,103</u>	<u>-</u>
Contractual services:			
Insurance	55,787	55,787	-
Dues and subscriptions	101	101	-
Maintenance agreements	417	417	-
Land rentals	70,700	70,700	-
Licenses	11,102	11,102	-
Utilities	134,626	134,626	-
Telephone	2,205	2,205	-
Professional fees	8,532	8,373	159
	<u>283,470</u>	<u>283,311</u>	<u>159</u>
Repairs and maintenance	<u>25,242</u>	<u>28,607</u>	<u>(3,365)</u>
Depreciation	<u>360,000</u>	<u>348,197</u>	<u>11,803</u>
Total sewer treatment plant expenses	<u>945,575</u>	<u>936,978</u>	<u>8,597</u>
Total expenses	<u>\$ 3,107,778</u>	<u>\$ 3,131,820</u>	<u>\$ (24,042)</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
ASSETS					
Cash	\$ 1,817,454	\$ 353,334	\$ 7,403	\$ 53,186	\$ 2,231,377
Interest-bearing deposits	1,132,491	988	495,144	-	1,628,623
Investments	302,785	-	232,447	425,269	960,501
Receivables:					
Accounts	23,023	-	-	-	23,023
Taxes	34,003	22,312	-	-	56,315
Due from other funds	567,090	16,714	6,392	-	590,196
Due from other governmental units	536,154	-	103,827	-	639,981
Prepaid items	10,721	-	-	-	10,721
Total assets	<u>\$ 4,423,721</u>	<u>\$ 393,348</u>	<u>\$ 845,213</u>	<u>\$ 478,455</u>	<u>\$ 6,140,737</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 177,045	\$ -	\$ 795	\$ -	\$ 177,840
Unearned revenue	18,718	250	-	-	18,968
Accrued liabilities	8,576	-	-	-	8,576
Due to other funds	<u>346,572</u>	<u>(75,861)</u>	<u>408,354</u>	<u>-</u>	<u>679,065</u>
Total liabilities	<u>550,911</u>	<u>(75,611)</u>	<u>409,149</u>	<u>-</u>	<u>884,449</u>
Deferred inflows of resources:					
Unavailable revenues	<u>-</u>	<u>-</u>	<u>103,827</u>	<u>-</u>	<u>103,827</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>103,827</u>	<u>-</u>	<u>103,827</u>
Fund balances:					
Nonspendable	10,721	-	-	478,455	489,176
Restricted	3,756,921	468,959	726,939	-	4,952,819
Unassigned (deficit)	<u>105,168</u>	<u>-</u>	<u>(394,702)</u>	<u>-</u>	<u>(289,534)</u>
Total fund balances	<u>3,872,810</u>	<u>468,959</u>	<u>332,237</u>	<u>478,455</u>	<u>5,152,461</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,423,721</u>	<u>\$ 393,348</u>	<u>\$ 845,213</u>	<u>\$ 478,455</u>	<u>\$ 6,140,737</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
Revenues:					
Taxes	\$ 3,086,004	\$ 149,897	\$ -	\$ -	\$3,235,901
Intergovernmental	493,013	-	-	-	493,013
Charges for services	1,208,024	-	-	11,960	1,219,984
Donations	63,726	-	-	-	63,726
Fines and forfeitures	35,102	-	-	-	35,102
Investment income:					
Interest	1,775	202	511	8,422	10,910
Net change in fair value of investments	27,531	-	-	(837)	26,694
Miscellaneous	62,065	-	-	-	62,065
Total revenues	<u>4,977,240</u>	<u>150,099</u>	<u>511</u>	<u>19,545</u>	<u>5,147,395</u>
Expenditures:					
General government	-	-	236,865	-	236,865
Public safety - police and fire	256,987	-	-	-	256,987
Public works	281,218	-	-	-	281,218
Culture and recreation	2,101,941	-	-	-	2,101,941
Supporting services	-	-	-	9,624	9,624
Capital outlay	196,987	-	14,435	-	211,422
Principle retirement	-	459,000	-	-	459,000
Interest and fiscal charges	-	90,006	-	-	90,006
Total Expenditures	<u>2,837,133</u>	<u>549,006</u>	<u>251,300</u>	<u>9,624</u>	<u>3,647,063</u>
Excess (deficiency) of revenues over expenditures	<u>2,140,107</u>	<u>(398,907)</u>	<u>(250,789)</u>	<u>9,921</u>	<u>1,500,332</u>
Other financing sources:					
Transfers in	879,593	434,582	113	-	1,314,288
Transfers out	(1,630,081)	-	(113)	-	(1,630,194)
Total other financing sources	<u>(750,488)</u>	<u>434,582</u>	<u>-</u>	<u>-</u>	<u>(315,906)</u>
Net changes in fund balances	1,389,619	35,675	(250,789)	9,921	1,184,426
Fund balances, beginning	<u>2,483,191</u>	<u>433,284</u>	<u>583,026</u>	<u>468,534</u>	<u>3,968,035</u>
Fund balances, ending	<u>\$ 3,872,810</u>	<u>\$ 468,959</u>	<u>\$ 332,237</u>	<u>\$ 478,455</u>	<u>\$5,152,461</u>

NONMAJOR SPECIAL REVENUE FUNDS

City Recreation Program Fund

Monies in this fund are received from recreation programs sponsored and transfers from the General Fund. The costs of the recreation department are accounted for in this fund.

Library Commission Fund

Monies in this fund are received from St. Mary Parish, private donations, and transfers from the General Fund and Morgan City Young Fund. The costs of the library are accounted for in this fund.

Municipal Auditorium Fund

Monies in this fund are received from auditorium rentals, concessions, and transfers from the General Fund. The costs of the municipal auditorium are accounted for in this fund.

Pollution Abatement Fund

This fund accounts for receipt and disbursements of the proceeds from a 3/4% sales and use tax, which are dedicated to the improvement of sanitation and sewer disposal in the City.

Morgan City Beautification Fund

Monies in this fund are received from other governments and donations. The costs for making Morgan City beautiful are accounted for in this fund.

Road and Royalty Fund

This fund accounts for receipts and subsequent expenditures of St. Mary Parish Council donations designated for street improvements.

Cemetery Fund

Monies in this fund are received from sales of mausoleum crypts. The cost of maintenance and improvements to the mausoleum and surrounding cemetery grounds are accounted for in this fund.

Fire Apparatus Purchase Fund

General Fund transfers are made to this fund to dedicate monies for fire equipment purchases.

Lake End Park Concession Fund

Monies in this fund are received from gate and space rental receipts, St. Mary Parish, and transfers from the General Fund. The costs of operating Lake End Park are accounted for in this fund.

SPECIAL REVENUE FUNDS (CONTINUED)

State Prisoners' Fund

Monies in this fund are received from neighboring parishes and cities and transfers from the General Fund. The costs of prisoners' meals, medical expenses and supplies are accounted for in this fund.

Real Estate Acquisition Fund

This fund accounts for the purchases and sales of various real estate.

Wharf Fund

This fund accounts for monies received from wharf rentals and for costs incurred to maintain the wharves.

Lake End Park Marina Fund

This fund accounts for the monies received from operation of the marina and expenditures incurred relative to the maintenance of the marina.

Main Street Commission Fund

This fund accounts for monies received from federal and state sources for the development and operation of the Main Street Program.

Housing Initiative Fund

This fund accounts for the receipt and subsequent expenditures of funds to provide new housing on existing lots within the City to first time homebuyers at low interest rates.

Lake End Parkway Fund

This fund accounts for receipts from camper space rentals at Lake End Parkway. The costs associated with the operation and maintenance of the sites are also accounted for in this fund.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2014

	<u>City Recreation Program</u>	<u>Library Commission</u>	<u>Municipal Auditorium</u>	<u>Pollution Abatement</u>	<u>Morgan City Beautification</u>
ASSETS					
Cash	\$ 78,863	\$ 32,049	\$ 18,402	\$ 796,902	\$ 22,287
Interest-bearing deposits	5,591	-	88,650	745	-
Receivables:					
Accounts	-	-	15,773	-	-
Due from other governmental units	-	-	-	347,513	-
Taxes	-	-	34,003	-	-
Due from other funds	13,813	-	30,729	-	20,000
Prepaid items	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 98,267</u>	<u>\$ 32,049</u>	<u>\$ 189,591</u>	<u>\$ 1,145,160</u>	<u>\$ 42,287</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,913	\$ 2,062	\$ 17,626	\$ 20,986	\$ 3,320
Unearned revenue	-	-	18,718	-	-
Accrued liabilities	8,376	-	-	-	-
Due to other funds	<u>(54,039)</u>	<u>13,574</u>	<u>(144,037)</u>	<u>20,000</u>	<u>(7,874)</u>
Total liabilities	<u>(32,750)</u>	<u>15,636</u>	<u>(107,693)</u>	<u>40,986</u>	<u>(4,554)</u>
Fund balances:					
Nonspendable	-	-	2,034	-	-
Restricted	131,017	16,413	295,250	1,104,174	46,841
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>131,017</u>	<u>16,413</u>	<u>297,284</u>	<u>1,104,174</u>	<u>46,841</u>
Total liabilities and fund balances	<u>\$ 98,267</u>	<u>\$ 32,049</u>	<u>\$ 189,591</u>	<u>\$ 1,145,160</u>	<u>\$ 42,287</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park Concession</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 128,396	\$ 116,602	\$ 12,079	\$ 324,307	\$ 35,478	\$ 175,880	\$ -
863,939	-	-	5,346	36,096	-	11,454
-	-	-	-	302,785	-	-
-	-	-	-	7,250	-	-
188,641	-	-	-	-	-	-
-	-	-	219,796	-	-	-
-	-	-	8,687	-	-	-
<u>\$ 1,180,976</u>	<u>\$ 116,602</u>	<u>\$ 12,079</u>	<u>\$ 558,136</u>	<u>\$ 381,609</u>	<u>\$ 175,880</u>	<u>\$ 11,454</u>
\$ 31,752	\$ 238	\$ -	\$ 13,203	\$ 252	\$ 68,845	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
68,021	25,000	-	369,745	17,387	1,867	-
<u>99,773</u>	<u>25,238</u>	<u>-</u>	<u>382,948</u>	<u>17,639</u>	<u>70,712</u>	<u>-</u>
-	-	-	8,687	-	-	-
1,081,203	91,364	12,079	166,501	363,970	-	11,454
-	-	-	-	-	105,168	-
<u>1,081,203</u>	<u>91,364</u>	<u>12,079</u>	<u>175,188</u>	<u>363,970</u>	<u>105,168</u>	<u>11,454</u>
<u>\$ 1,180,976</u>	<u>\$ 116,602</u>	<u>\$ 12,079</u>	<u>\$ 558,136</u>	<u>\$ 381,609</u>	<u>\$ 175,880</u>	<u>\$ 11,454</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)
December 31, 2014

	<u>Wharf</u>	<u>Lake End Park Marina</u>
ASSETS		
Cash	\$ 9,641	\$ 29,284
Interest-bearing deposits	65,623	29,626
Investments at fair value	-	-
Receivables:		
Accounts	-	-
Due from other governmental units	-	-
Taxes	-	-
Due from other funds	-	(18,289)
Prepaid items	<u>-</u>	<u>-</u>
Total assets	<u>\$ 75,264</u>	<u>\$ 40,621</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Unearned revenue	-	-
Accrued liabilities	-	200
Due to other funds	<u>2,500</u>	<u>-</u>
Total liabilities	<u>2,500</u>	<u>200</u>
Fund balances:		
Nonspendable	-	-
Restricted	72,764	40,421
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u>72,764</u>	<u>40,421</u>
Total liabilities and fund balances	<u>\$ 75,264</u>	<u>\$ 40,621</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ 26,102	\$ -	\$ 11,182	\$ 1,817,454
25,421	-	-	1,132,491
-	-	-	302,785
-	-	-	23,023
-	-	-	536,154
-	-	-	34,003
-	250,000	51,041	567,090
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,721</u>
<u>\$ 51,523</u>	<u>\$ 250,000</u>	<u>\$ 62,223</u>	<u>\$ 4,423,721</u>
\$ 2,520	\$ -	\$ 3,328	\$ 177,045
-	-	-	18,718
-	-	-	8,576
31,243	-	3,185	346,572
<u>33,763</u>	<u>-</u>	<u>6,513</u>	<u>550,911</u>
-	-	-	10,721
17,760	250,000	55,710	3,756,921
-	-	-	105,168
<u>17,760</u>	<u>250,000</u>	<u>55,710</u>	<u>3,872,810</u>
<u>\$ 51,523</u>	<u>\$ 250,000</u>	<u>\$ 62,223</u>	<u>\$ 4,423,721</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
Revenues:					
Taxes	\$ -	\$ -	\$ 246,975	\$1,877,683	\$ -
Intergovernmental	26,292	25,571	-	-	-
Charges for services	138,554	1,281	102,736	-	-
Donations	12,295	1,175	-	-	150
Fines and forfeitures	-	1,856	-	-	-
Investment income:					
Interest	58	8	154	2	1
Net change in fair value of investments	-	-	-	-	-
Miscellaneous	<u>278</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>
Total revenues	<u>177,477</u>	<u>29,891</u>	<u>350,265</u>	<u>1,877,685</u>	<u>151</u>
Expenditures:					
Public safety - police and fire	-	-	-	-	-
Public works	-	-	-	38,102	-
Culture and recreation	516,139	145,090	458,862	-	139,681
Capital outlay	<u>76,713</u>	<u>-</u>	<u>16,298</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>592,852</u>	<u>145,090</u>	<u>475,160</u>	<u>38,102</u>	<u>139,681</u>
Excess (deficiency) of revenues over expenditures	<u>(415,375)</u>	<u>(115,199)</u>	<u>(124,895)</u>	<u>1,839,583</u>	<u>(139,530)</u>
Other financing sources (uses):					
Transfers in	400,000	100,000	99,593	-	150,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,133,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>400,000</u>	<u>100,000</u>	<u>99,593</u>	<u>(1,133,000)</u>	<u>150,000</u>
Net change in fund balances	(15,375)	(15,199)	(25,302)	706,583	10,470
Fund balances (deficit), beginning	<u>146,392</u>	<u>31,612</u>	<u>322,586</u>	<u>397,591</u>	<u>36,371</u>
Fund balances (deficit), ending	<u>\$131,017</u>	<u>\$ 16,413</u>	<u>\$ 297,284</u>	<u>\$1,104,174</u>	<u>\$ 46,841</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park Concession</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 961,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84,895	-	-	-	-	245,331	-
-	117,750	-	441,395	288	58,609	-
-	-	-	40,000	-	-	-
-	-	-	-	-	33,246	-
778	-	-	192	436	-	12
-	-	-	-	27,531	-	-
-	500	-	1,013	-	59,274	-
<u>1,047,019</u>	<u>118,250</u>	<u>-</u>	<u>482,600</u>	<u>28,255</u>	<u>396,460</u>	<u>12</u>
-	-	-	-	-	256,987	-
226,011	17,105	-	-	-	-	-
-	-	-	449,209	41,849	-	-
-	-	-	20,554	4,094	-	-
<u>226,011</u>	<u>17,105</u>	<u>-</u>	<u>469,763</u>	<u>45,943</u>	<u>256,987</u>	<u>-</u>
<u>821,008</u>	<u>101,145</u>	<u>-</u>	<u>12,837</u>	<u>(17,688)</u>	<u>139,473</u>	<u>12</u>
-	-	-	35,000	45,000	-	-
<u>(434,581)</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(434,581)</u>	<u>(25,000)</u>	<u>-</u>	<u>35,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
386,427	76,145	-	47,837	27,312	139,473	12
<u>694,776</u>	<u>15,219</u>	<u>12,079</u>	<u>127,351</u>	<u>336,658</u>	<u>(34,305)</u>	<u>11,442</u>
<u>\$ 1,081,203</u>	<u>\$ 91,364</u>	<u>\$ 12,079</u>	<u>\$ 175,188</u>	<u>\$ 363,970</u>	<u>\$ 105,168</u>	<u>\$ 11,454</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2014

	<u>Wharf</u>	<u>Lake End Park Marina</u>
Revenues:		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	9,490	51,124
Donations	-	-
Fines and forfeitures	-	-
Investment income:		
Interest	66	29
Net change in fair value of investments	-	-
Miscellaneous	-	-
Total revenues	<u>9,556</u>	<u>51,153</u>
Expenditures:		
Public safety - police and fire	-	-
Public works	-	-
Culture and recreation	-	-
Capital outlay	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,556</u>	<u>51,153</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	<u>(2,500)</u>	<u>(35,000)</u>
Total other financing sources (uses)	<u>(2,500)</u>	<u>(35,000)</u>
Net change in fund balances	7,056	16,153
Fund balances (deficit), beginning	<u>65,708</u>	<u>24,268</u>
Fund balances (deficit), ending	<u>\$ 72,764</u>	<u>\$ 40,421</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$3,086,004
110,924	-	-	493,013
6,920	-	279,877	1,208,024
10,106	-	-	63,726
-	-	-	35,102
29	-	10	1,775
-	-	-	27,531
600	-	-	62,065
<u>128,579</u>	<u>-</u>	<u>279,887</u>	<u>4,977,240</u>
-	-	-	256,987
-	-	-	281,218
89,521	-	261,590	2,101,941
79,328	-	-	196,987
<u>168,849</u>	<u>-</u>	<u>261,590</u>	<u>2,837,133</u>
<u>(40,270)</u>	<u>-</u>	<u>18,297</u>	<u>2,140,107</u>
50,000	-	-	879,593
-	-	-	(1,630,081)
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(750,488)</u>
9,730	-	18,297	1,389,619
<u>8,030</u>	<u>250,000</u>	<u>37,413</u>	<u>2,483,191</u>
<u>\$ 17,760</u>	<u>\$250,000</u>	<u>\$ 55,710</u>	<u>\$3,872,810</u>

NONMAJOR DEBT SERVICE FUNDS

Sales Tax Sinking Fund, Series 2012

To accumulate monies for payment of the \$4,000,000 Sales Tax Revenue Bond, Series 2012, which are due in annual installments ranging from \$340,000 to \$465,000 through March 1, 2022. Financing is to be provided from a dedication of the City's 3/10 percent sales tax.

Auditorium Bond #1

To accumulate monies for payment of the \$1,600,000 Property Tax Revenue Bond, Series 2000, which are due in annual installments ranging from \$45,000 to \$140,000 through March 1, 2020. Financing is to be provided from a dedication of a portion of the City's property tax.

Sidewalk Assessment

To account for monies remaining after payment of the costs for sidewalk repairs in certain areas within the City.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
December 31, 2014

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Sidewalk Assessment	Totals
ASSETS				
Cash	\$ 333,224	\$ 130	\$ 19,980	\$ 353,334
Interest-bearing deposits	-	988	-	988
Taxes receivable, net	-	22,312	-	22,312
Due from other funds	<u>-</u>	<u>16,714</u>	<u>-</u>	<u>16,714</u>
Total assets	<u>\$ 333,224</u>	<u>\$ 40,144</u>	<u>\$ 19,980</u>	<u>\$ 393,348</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned revenue	\$ -	\$ 250	\$ -	\$ 250
Due to other funds	<u>-</u>	<u>(80,054)</u>	<u>4,193</u>	<u>(75,861)</u>
Total liabilities	<u>-</u>	<u>(79,804)</u>	<u>4,193</u>	<u>(75,611)</u>
Fund balances:				
Restricted	<u>333,224</u>	<u>119,948</u>	<u>15,787</u>	<u>468,959</u>
Total fund balances	<u>333,224</u>	<u>119,948</u>	<u>15,787</u>	<u>468,959</u>
Total liabilities and fund balances	<u>\$ 333,224</u>	<u>\$ 40,144</u>	<u>\$ 19,980</u>	<u>\$ 393,348</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Sidewalk Assessment	Totals
Revenues:				
Taxes	\$ -	\$ 149,897	\$ -	\$ 149,897
Investment income:				
Interest	197	5	-	202
Total revenues	<u>197</u>	<u>149,902</u>	<u>-</u>	<u>150,099</u>
Expenditures:				
Principle retirement	350,000	109,000	-	459,000
Interest and fiscal charges	74,580	15,426	-	90,006
Total expenditures	<u>424,580</u>	<u>124,426</u>	<u>-</u>	<u>549,006</u>
Excess (deficiency) of revenues over expenditures	<u>(424,383)</u>	<u>25,476</u>	<u>-</u>	<u>(398,907)</u>
Other financing sources (uses):				
Operating transfers in	434,582	-	-	434,582
Total other financing sources (uses)	<u>434,582</u>	<u>-</u>	<u>-</u>	<u>434,582</u>
Net change in fund balances	10,199	25,476	-	35,675
Fund balances (deficit), beginning	<u>323,025</u>	<u>94,472</u>	<u>15,787</u>	<u>433,284</u>
Fund balances (deficit), ending	<u>\$ 333,224</u>	<u>\$ 119,948</u>	<u>\$ 15,787</u>	<u>\$ 468,959</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Lake End Park Construction Fund

To account for the financing and construction of improvements at Lake End Park. Grants and donations provide funding for the projects.

City Hall Complex Construction Fund

To account for the financing and construction of renovations to the city hall. General revenues and donations provide funding for the projects.

Road Improvements Construction Fund

The Road Improvements Construction Fund accounts for the financing of projects associated with constructing, improving, resurfacing, maintaining and providing street drainage for public streets, alleys, sidewalks and public wharves, and acquiring certain equipment. Proceeds from general obligation bonds, series 2012, provide funding for the projects.

LCDBG Fund

To account for expenditures related to projects for the renovation of housing for low-income citizens and for demolition of abandoned housing within certain target areas of the City. Financing was provided by Louisiana Community Development Block Grant.

Louisiana Capital Outlay Fund

To account for the receipt and expenditure of proceeds from all Capital Outlay grants from the state of Louisiana.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2014

	City Hall Complex Construction	Road Improvement Construction	LCDBG	Louisiana Capital Outlay	Totals
ASSETS					
Cash	\$ 143	\$ -	\$ 1,862	\$ 5,398	\$ 7,403
Interest-bearing deposits	391,393	103,751	-	-	495,144
Investments	232,447	-	-	-	232,447
Due from other funds	-	-	-	6,392	6,392
Due from other governmental units	-	-	103,827	-	103,827
Total assets	<u>\$ 623,983</u>	<u>\$ 103,751</u>	<u>\$ 105,689</u>	<u>\$ 11,790</u>	<u>\$ 845,213</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 795	\$ -	\$ -	\$ -	\$ 795
Due to other funds	-	-	293,754	114,600	408,354
Total liabilities	<u>795</u>	<u>-</u>	<u>293,754</u>	<u>114,600</u>	<u>409,149</u>
Deferred inflows of resources:					
Unavailable grant revenues	-	-	103,827	-	103,827
Fund balances:					
Restricted	623,188	103,751	-	-	726,939
Unassigned	-	-	(291,892)	(102,810)	(394,702)
Total fund balances	<u>623,188</u>	<u>103,751</u>	<u>(291,892)</u>	<u>(102,810)</u>	<u>332,237</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 623,983</u>	<u>\$ 103,751</u>	<u>\$ 105,689</u>	<u>\$ 11,790</u>	<u>\$ 845,213</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

	Lake End Park Construction	City Hall Complex Construction	Road Improvements Construction	LCDBG	Louisiana Capital Outlay	Totals
Revenues:						
Interest	\$ -	\$ 353	\$ 103	\$ -	\$ 55	\$ 511
Expenditures:						
General government	-	-	234	174,696	61,935	236,865
Capital outlay	-	14,435	-	-	-	14,435
Total Expenditures	-	14,435	234	174,696	61,935	251,300
Excess (deficiency) of revenues over expenditures	-	(14,082)	(131)	(174,696)	(61,880)	(250,789)
Other financing sources:						
Transfers in	113	-	-	-	-	113
Transfers out	-	-	-	-	(113)	(113)
Total other financing sources	113	-	-	-	(113)	-
Net change in fund balance	113	(14,082)	(131)	(174,696)	(61,993)	(250,789)
Fund balances (deficit), beginning	(113)	637,270	103,882	(117,196)	(40,817)	583,026
Fund balances (deficit), ending	\$ -	\$ 623,188	\$ 103,751	\$ (291,892)	\$ (102,810)	\$ 332,237

INTERNAL SERVICE FUNDS

Central Garage Fund

To account for the purchase of gas, oil and other materials necessary for the maintenance and repair of municipal vehicles and equipment. These materials and services are provided to the City's various departments on a cost-reimbursement basis.

Self-Insurance Fund

To account for monies accumulated to provide self-insurance against any possible future claims.

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Balance Sheet
December 31, 2014

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 9,593	\$ 6,173	\$ 15,766
Investments	-	4,108	4,108
Accounts receivable	<u>13,076</u>	<u>-</u>	<u>13,076</u>
Total current assets	<u>22,669</u>	<u>10,281</u>	<u>32,950</u>
Equipment, at cost, net of accumulated depreciation	<u>11,790</u>	<u>-</u>	<u>11,790</u>
Total assets	<u>\$ 34,459</u>	<u>\$ 10,281</u>	<u>\$ 44,740</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accrued liabilities	\$ 17,130	\$ -	\$ 17,130
Due to other funds	<u>13,800</u>	<u>10,000</u>	<u>23,800</u>
Total liabilities	<u>30,930</u>	<u>10,000</u>	<u>40,930</u>
Net position (deficit):			
Net investment in capital assets	11,790	-	11,790
Unrestricted (deficit)	<u>(8,261)</u>	<u>281</u>	<u>(7,980)</u>
Total net position (deficit)	<u>3,529</u>	<u>281</u>	<u>3,810</u>
Total liabilities and net position	<u>\$ 34,459</u>	<u>\$ 10,281</u>	<u>\$ 44,740</u>

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2014

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 263,876	\$ -	\$ 263,876
Operating expenses:			
Central garage expenses	<u>432,873</u>	<u>-</u>	<u>432,873</u>
Operating income (loss)	(168,997)	-	(168,997)
Non-operating revenues:			
Interest income	<u>22</u>	<u>-</u>	<u>22</u>
Income (loss) before operating transfers	(168,975)	-	(168,975)
Transfers in (out)	<u>191,824</u>	<u>-</u>	<u>191,824</u>
Net income (loss)	22,849	-	22,849
Net position (deficit), beginning	<u>(19,320)</u>	<u>281</u>	<u>(19,039)</u>
Net position (deficit), ending	<u>\$ 3,529</u>	<u>\$ 281</u>	<u>\$ 3,810</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Combining Balance Sheet
December 31, 2014

	Police Pension and Relief Trust	Private Purpose Trusts	Agency	Totals
ASSETS				
Cash	\$ 6,943	\$ 204,153	\$ 208,299	\$ 419,395
Interest-bearing deposits, at cost	15,008	62,942	-	77,950
Receivables:				
Accrued interest	3	-	-	3
Due from others	-	-	234,199	234,199
Prepaid insurance	-	2,363	-	2,363
	<u>-</u>	<u>2,363</u>	<u>-</u>	<u>2,363</u>
Total assets	<u>\$ 21,954</u>	<u>\$ 269,458</u>	<u>\$ 442,498</u>	<u>\$ 733,910</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ -	\$ 39,601	\$ 442,498	\$ 482,099
Total liabilities	<u>-</u>	<u>39,601</u>	<u>442,498</u>	<u>482,099</u>
Net Position				
Held in trust for pension benefits and other purposes	<u>21,954</u>	<u>229,857</u>	<u>-</u>	<u>251,811</u>
Total net position	<u>21,954</u>	<u>229,857</u>	<u>-</u>	<u>251,811</u>
Total liabilities and net position	<u>\$ 21,954</u>	<u>\$ 269,458</u>	<u>\$ 442,498</u>	<u>\$ 733,910</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts

Combining Balance Sheet
December 31, 2014

	<u>Morgan City Young</u>	<u>Morgan City Museum House</u>	<u>Schreier House</u>	<u>Total</u>
ASSETS				
Cash	\$ 189,238	\$ 14,915	\$ -	\$ 204,153
Interest-bearing deposits, at cost	-	60,596	2,346	62,942
Prepaid insurance	<u>-</u>	<u>2,363</u>	<u>-</u>	<u>2,363</u>
Total assets	<u>\$ 189,238</u>	<u>\$ 77,874</u>	<u>\$ 2,346</u>	<u>\$ 269,458</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ 22,476	\$ 15,740	\$ 1,385	\$ 39,601
Total liabilities	<u>22,476</u>	<u>15,740</u>	<u>1,385</u>	<u>39,601</u>
Net Position (deficit):				
Held in trust for other purposes	166,762	62,134	961	229,857
Total net position (deficit)	<u>166,762</u>	<u>62,134</u>	<u>961</u>	<u>229,857</u>
Total liabilities and net position	<u>\$ 189,238</u>	<u>\$ 77,874</u>	<u>\$ 2,346</u>	<u>\$ 269,458</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts

Combining Schedule of Changes in Fiduciary Net Position
Year Ended December 31, 2014

	<u>Morgan City Young</u>	<u>Morgan City Museum House</u>	<u>Schreier House</u>	<u>Totals</u>
Additions:				
Interest	\$ -	\$ -	\$ 2	\$ 2
Contributions	108,698	-	-	108,698
Total additions	<u>108,698</u>	<u>-</u>	<u>2</u>	<u>108,700</u>
Deductions:				
Culture and recreation	24,435	5,848	-	30,283
Capital outlay	122,157	-	-	122,157
Total deductions	<u>146,592</u>	<u>5,848</u>	<u>-</u>	<u>152,440</u>
Excess (deficiency) of additions over deductions	(37,894)	(5,848)	2	(43,740)
Other financing sources (uses):				
Operating transfers in (out)	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>
Change in net position	(97,894)	(5,848)	2	(103,740)
Net position (deficit), beginning	<u>264,656</u>	<u>67,982</u>	<u>959</u>	<u>333,597</u>
Net position (deficit), ending	<u>\$ 166,762</u>	<u>\$ 62,134</u>	<u>\$ 961</u>	<u>\$229,857</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Number of Utility Customers
Year Ended December 31, 2014

Records maintained by the City indicated the following number of customers were being serviced during the months of December, 2014:

<u>Department</u>	<u>2014</u>
Electric	11,665
Water	5,981
Gas	7,560
Mosquito	6,721
Sanitation	4,734
Sewer	5,103

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates
Year Ended December 31, 2014

Monthly Electric Rates

Residential:

\$7.00 customer charge per month, \$0.04148 / per kwh for the first 400 kwh, and \$0.03922 / per kwh for usage above 400 kwh

Commercial:

\$7.00 customer charge per month, \$0.05376 / per kwh for the first 500 kwh, \$0.03570 / per kwh for the next 9,500 kwh, \$0.02730 / per kwh for the next 10,000 kwh, and \$0.03150 / per kwh for usage above 20,000 kwh. As well as, \$2.50 / per kwh of demand.

Large Industrial:

\$7.00 customer charge per month, \$0.03509 / per kwh for the first 10,000 kwh, \$0.02578 / per kwh for the next 20,000 kwh, \$0.02210 / per kwh for usage above 30,000 kwh. As well as, \$3.00 / per kwh of demand.

Housing Authority:

\$7.00 customer charge per month, \$0.06720 / per kwh for the first 2,500 kwh, \$0.03675 / per kwh for usage above 2,500 kwh.

Electric Municipal:

\$0.03098 per kwh

Monthly Water Rates

Residential:

\$7.00 customer charge per month; \$1.33 / per 100 cubic feet for the first 2,500 cubic feet; \$1.99 / per 100 cubic feet for all cubic feet above 2,500; and a \$25 meter deposit

Commercial:

\$15.00 customer charge per month; \$1.33 / per 100 cubic feet for the first 2,500 cubic feet; \$1.99 / per 100 cubic feet for all cubic feet above 2,500; and \$1.15 / per cubic feet for Bulk water from hydrants

Stephensville

Residential:

\$9.43 for the first 100 cubic feet, and \$1.30 for all above 100 cubic feet

Commercial:

\$16.90 for the first 200 cubic feet, and \$1.95 for all above 200 cubic feet

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates (continued)
Year Ended December 31, 2014

Monthly Gas Rates

\$7.00 customer charge per month, \$100.00 meter deposit, and \$5.25 fuel adjustment

Monthly Mosquito Abatement Fee

\$2.00 per month

Monthly Sewer Rate

One hundred percent (100%) of the total monthly water bill for residential and commercial water customers

Monthly Solid Waste Collection Fee

Commercial:

\$23.1 per residential size can

Residential:

\$18.1 per can

Housing Authority:

\$18.1 per can

Also authorized assessment of a Landfill Charge Adjustment (LCA) of \$5.10 for every residential container which will fluctuate as landfill tipping fees and costs fluctuate.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Amounts Billed for Services
Year Ended December 31, 2014

Records maintained by the City indicated the following amounts billed for services during the year ended December 31, 2014:

<u>Department</u>	
Electric	14,935,266
Water	1,929,515
Gas	4,658,851
Mosquito	148,717
Sanitation	1,207,141
Sewer	1,571,800

CITY OF MORGAN CITY, LOUISIANA

Schedule of Average Monthly Billings Per User
Year Ended December 31, 2014

Records maintained by the City indicated the following average monthly billing per user for services during the year ended December 31, 2014:

<u>Department</u>	
Electric	107
Water	27
Gas	51
Mosquito	2
Sanitation	21
Sewer	26

CITY OF MORGAN CITY, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
Year Ended December 31, 2014

The following were added to the utility system:

Electric, Water, and Gas

Water storage tank roofing	\$ 111,894
Water valve installation project	54,933
(6) KVA Transformer for Electric Service Facility	35,826
Computer and installation at water plant	9,080
(2) SCBA Aluminum cylinder	4,448
E50 T4 Bobcat compact excavator	25,996
Computer for SCADA system	1,771
(4) Handheld meter reader	9,218
Hydro Quik pump	1,725
Sharp ARM257 copy machine	1,200
New World Systems software	<u>240,703</u>
Total Electric, Water, and Gas Additions	<u>\$ 496,794</u>

Sanitation and Sewer

Ford F150 Truck	\$ 20,554
E50 T4 Bobcat compact excavator	12,948
Cannata's pump station upgrade	<u>7,078</u>
Total Sanitation and Sewer Additions	<u>\$ 40,580</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Insurance in Force
Year Ended December 31, 2014

Description of Coverage	Coverage Amounts
General Liability:	
General Aggregate	\$2,000,000
Products/Completed Operations	2,000,000
Personal & Advertising Injury	1,000,000
Damage to rented premises	1,000,000
Each occurrence	1,000,000
Fire Damage Limit	1,000,000
Sewer Back Up	100,000
Failure to Supply Services	100,000
Employee Benefits:	
Limit	3,000,000
Each Wrongful Act	1,000,000
Employment Practices:	
Limit	1,000,000
Each Wrongful Act	1,000,000
Law Enforcement Liability:	
Limit	2,000,000
Each Wrongful Act	1,000,000
Automobiles and trucks:	
Bodily injury and property damage	1,000,000
Public Officials:	
Limit	1,000,000
Each Wrongful Act	1,000,000
Property:	
Limit per occurrence	5,000,000
Excess Property:	
Limit	10,000,000
Sublimit for named windstorm	5,000,000
Boiler and Machinery:	
Total Limit per Accident	5,000,000
Pollution:	
Limit	1,000,000

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Frank P. Grizzaffi, III, Mayor and
the Honorable Members of the City Council
City of Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morgan City (hereinafter "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated June 29, 2015. Our report expressed an adverse opinion on the aggregate discretely presented component units because the financial statements of the City's primary government do not include financial data for the City's legally separate component units.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2014-001 and 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year audit findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 29, 2015

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings
Year Ended December 31, 2014

Part I. Summary of Auditors' Results

- i. Unmodified opinions have been issued on the financial statements of the City's governmental activities, business-type activities, each major fund (General Fund and Emergency Management Fund), and the aggregate remaining fund information. Additionally, the opinion on the aggregate discretely presented component units was adverse because the City issues primary government only financial statements.
- ii. Two deficiencies in internal control were disclosed by the audit of the basic financial statements. Both were considered to be material weaknesses.
- iii. No instances of noncompliance required to be reported in accordance with *Governmental Auditing Standards* were disclosed by the audit of the financial statements.
- iv. A management letter was not issued.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2014

Part II. Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control Findings-

2014-001- Interfund Activity

CONDITION: The City failed to reconcile interfund activity on a periodic basis.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The City’s internal control over financial reporting includes those policies and procedures that pertain to the City’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the condition is failure to assign a City employee with the task of reconciling interfund activity.

EFFECT: Interfund activity may not reconcile.

RECOMMENDATION: We recommend that the City implement policies and procedures to ensure that interfund activity is reconciled on a periodic basis.

2014-002- New Software Implementation

CONDITION: The City failed to reconcile account balances during implementation of new software during the conversion process. Initial balances were not reconciled between the old and new softwares resulting in material differences.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The City’s internal control over financial reporting includes those policies and procedures that pertain to the City’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: Converted balances in the new software were not compared to ending balances in the new software.

EFFECT: Initial balances in the new software were materially different from those reflected in the old software.

RECOMMENDATION: We recommend that the City reconcile account balances during implementation of new software and simultaneously process activity between softwares to assure proper posting of transactions.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2014

B. Compliance Findings-

No compliance findings are reported.

Part III. Findings and questioned costs for Federal awards defined in OMB Circular A-133, §510(a)

This section was not applicable.

CITY OF MORGAN CITY, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended December 31, 2014

2013-001- Budget Variance

CONDITION: Budget variances in excess of 5% were incurred in the Pollution Abatement Fund and in the Emergency Management Fund.

RECOMMENDATION: We recommended that the administrative authority prepare and review budget to actual comparisons and amend the budget in effect upon determination of significant variances.

CURRENT STATUS: This condition did not recur.

CITY OF MORGAN CITY, LOUISIANA

Corrective Action Plan for Current Year Findings
Year Ended December 31, 2014

2014-001- Internal Control Findings

CONDITION: The City failed to reconcile interfund activity on a periodic basis.

MANAGEMENT'S RESPONSE: The interfund activity between specific funds is reconciled monthly; however, there are generalized accounts for Due to other funds and Due from other funds that contain lots of different types of activities in the new software. These accounts were not periodically reconciled. The City will adjust these accounts, reconcile them properly and continue to reconcile them on a monthly basis.

2014-002- New Software Implementation

CONDITION: The City failed to reconcile account balances during implementation of new software during the conversion process. Initial balances were not reconciled between the old and new softwares resulting in material differences.

MANAGEMENT'S RESPONSE: The software implementation was a onetime process that should not affect any of the accounts after 2014.